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REAUTHORIZATION OF THE HIGHER EDUCATION ACT, 1985

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION,
ARTS AND HUMANITIES

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

EXAMINATION OF RECOMMENDATIONS AND PROPOSALS OF THE ADMINISTRATION AND OTHER EDUCATIONAL COUNCILS REGARDING THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

SEPTEMBER 17 AND 19, 1985, WASHINGTON, DC
SEPTEMBER 23, 1985, CHICAGO, IL

PART 4

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CONTENTS

STATEMENTS

Tuesday, September 17, 1985

Page

American Medical Student Association, prepared statement 71

American Student Dental Association, the, prepared statement 60

Clinton, Stephen W., president, Indiana Secondary Market for Education Loans, Inc., prepared statement 76

Consumers Bankers Association, the, prepared statement 84

Cronin, Dr. Joseph H., president, Massachusetts Higher Education Assistance Corporation, prepared statement 65

D'Amato, Hon. Alfonse M., a U.S. Senator from the State of New York 2

Prepared statement 11

Fox, Edward A., president and chief executive officer, Student Loan Marketing Association, prepared statement 113

Iverson, Ronald J., executive director, Vermont Student Assistance Corp., prepared statement 129

Kobren, Abraham, D.D.S., president, American Dental Association, prepared statement 62

Lawlor, Dan, student, Georgetown University, Washington, DC; and Helen Summerville, parent, Loverville, MD 48

Prepared statement 50

Ryan, Sister Janice E., president, Trinity College, Burlington, VT; Dr. Lattie F. Coor, president, University of Vermont, Burlington, VT; and William Boyd, acting director of financial aid, Penn State University, University Park, PA 10

Prepared statement of Sister Ryan 13

Prepared statement of Mr. Coor 22

Prepared statement of Mr. Boyd 35

Schill, Brenda H., director of loan guarantee programs, Vermont Student Assistance Corp., prepared statement (with attachments) 135

Weiner, Melvyn E., president, National Association of Health Career schools, prepared statement 58

Thursday, September 19, 1985

Boyd, Dr. Willard L., president, Field Museum of Natural History, Chicago, IL, prepared statement 406

Brod, Richard, secretary-treasurer, Joint National Committee for Languages, prepared statement 412

Bronson, Dr., Oswald P., Sr., president, Bethune-Cookman College, Daytona Beach, FL; Dr. Benjamin F. Payton, president, Tuskegee University, Tuskegee, AL; Dr. Donald J. Donato, president, Niagara County Community College, Sanborn, NY; Brother Joachim W. Froehlich, O.S.B., President, St. Anselm College, Manchester, NH; and, Dr. James E. Lyons, president, Bowie State College, Bowie, MD 142

Prepared statement of Dr. Bronson 144

Prepared statement of Dr. Payton (with memo) 158

Prepared statement of Dr. Donato 198

Prepared statement of Dr. Froehlich 206

Prepared statement of Dr. Lyons and Chancellor Fort 219

Page
Burke, Dr. Fred, vice president for graduate education and research, University of Connecticut, Storrs, CT; Dr. Evelyn Handler, president, Brandeis University, Waltham, MA; and Maureen Danaher, student, Catholic University of America, Mount Rainier, MD 324
  Prepared statement of Dr. Burke 327
  Prepared statement of Dr. Handler 335
Faiferlick, Diana, prepared statement 409
Harmon-Schamberger, Barbara Ann, College of Arts and Sciences, West Virginia University, Morgantown, WV; Aaron Hayes, Fletcher School of Law and Diplomacy, Tufts University, Medford, MA; Robbie Lyle, director, Upward Bound/Special Services, Arkansas State University, Arkansas; and, Barry Cosgrove, Office of the General Counsel, Kendall Corp., Boston, MA ... 355
  Prepared statement of Mr. Hayes 360
  Prepared statement of Ms. Lyle 371
  Prepared statement of Ms. Harmon-Schamberger 382
Hayford, Elizabeth, president, the Associated Colleges of the Midwest, prepared statement 390
Johnson, Lawrence Chism, on behalf of the Council on Legal Education Opportunity, prepared statement 395
Smuckler, Dr. Ralph H., dean of international studies and programs, Michigan State University, East Lansing, MI 346
  Prepared statement 348
Summers, Dr., William F., dean, School of Library and Information Studies, Florida State University, Tallahassee, FL; John P. McDonald, director of libraries, University of Connecticut, Storrs, CT; and, Nancy L. Eaton, director of libraries, University of Vermont, Burlington, VT 252
  Prepared statement of Dr. Summers 254
  Prepared statement of Mr. McDonald 266
  Prepared statement of Ms. Eaton (with attachment) 292

MONDAY, SEPTEMBER 23, 1985

Barry, James D., vice president and assistant to the president, Loyola University of Chicago, prepared statement 591
Jacks, Kay G., director of financial aid, Illinois State University; Sharon Spence, director, Upward Bound project, Northern Illinois University; Keith Jepsen, deputy executive director, Illinois State Scholarship Commission, accompanied by Thomas A. Breyer 510
  Prepared statement of Ms. Jacks 514
  Prepared statement of Ms. Spence (with attachment) 531
  Prepared statement of Mr. Jepsen 548
  Prepared statement of Mr. Breyer 565
Lesesne, Joab M., Jr., president, Wofford College, prepared statement 593
Pickett, Richard W., president Robert Morris College; Dr. W. Richard Stephens, president, Greenville College; and Dr. Salvatore G. Rotella, chancellor, City Colleges of Chicago 428
  Prepared statement of Mr. Pickett 433
  Prepared statement of Dr. Stephens (with an attachment) 457
  Prepared statement of Dr. Rotella 476
  Prepared statement of the Association of Independent Colleges and Schools 593
Williams, Larry J., dean of graduate school and research, Eastern Illinois University, prepared statement 586

ADDITIONAL MATERIAL

Articles, publications, etc.:
  Banks push loans to college students—firms seek short-term profit, long-term clients, from the Wall Street Journal, Aug. 20, 1985, by David Brock 133
  A proposal for addressing the problems of adult illiteracy in the city of Chicago 491
Questions and answers:
  Responses of Mr. Coor to questions submitted by Senator Hatch 28
  Responses of Dr. Handler to questions submitted by Senator Hatch 341

Questions and answers—Continued

Page
Responses of Ms. Lyle to questions submitted by Senator Hatch 377
Response of Mr. Pickett to question submitted by Senator Simon 584

REAUTHORIZATION OF THE HIGHER EDUCATION ACT, 1985

TUESDAY, SEPTEMBER 17, 1985

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 430, Dirksen Senate Office Building, Senator Dan Quayle presiding.

Present: Senators Quayle and Pell.

OPENING STATEMENT OF SENATOR PELL

Senator PELL [presiding pro tempore]. The Subcommittee on Education, Arts and Humanities will come to order.

It is a real delight to be able to take part in this hearing. It is clear that we will face some very difficult and critical decisions with respect to the GSL, the Guaranteed Student Loan Program, during reauthorization. On the one hand, the constantly increasing costs of college education make it imperative that needy, deserving students have acceess to more student aid.

And, on the other hand, greater use of federally guaranteed loans has meant that more and more young men and women are finding themselves with a substantial indebtedness upon completion of their college education.

We have heard in the testimony that we have received so far that the prospects of this indebtedness are having profound effects on the course of study students select and the type of work they seek upon graduation.

I'm deeply concerned about the size and the magnitude of the debts our young people are incurring to finance their college education. In addition, we are also concerned by the increased reliance on student loans. In the mid-seventies, Federal student loans made up only about 17 percent of total student aid support. Last year, 10 years later, they made up more than half, an estimated 52 percent of all Federal student aid support.

Further, there's a very heavy Federal cost to the loan programs that is too frequently overlooked; for every dollar that is loaned, it costs the Federal Government about 45 cents. So with an average loan of about $2,000, the loan costs the Federal Government about $900. That is only a little less than the average Pell grant award of $990 last year.

I think today's hearings will be particularly helpful, and it is with great pleasure that I welcome the Senator from New York, Senator D'Amato here with us. I look forward to hearing his testimony, which I am sure will contribute substantially to our understanding of the legislation that is necessary.

Senator D'Amato, you may proceed.

STATEMENT OF HON. ALFONSE M. D'AMATO, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator D'AMATO. Mr. Chairman, thank you very much. Let me commend you for holding this hearing and giving us the opportunity to testify on this very important subject. I commend the program, the Guaranteed Student Loan Program that has had its share of adversity. And this has not been an easy year for those of us who have been strong advocates of the student financial aid programs.

Mr. Chairman, in my State, the State of New York, over 300,000 students receive over $315 million in Pell grants, and so let me commend the chairman because it has made the difference with many of these children otherwise not being able to receive an education.

Some 40,000 students are recipients of supplement educational opportunity grants. Nationally, about 63 percent of the students receive some form of financial aid, and 81 percent of this is Federal aid.

Mr. Chairman, I believe that a college degree is part of the American dream, and the children of hard-working, middle-class families should have that opportunity not only to receive a college education, but also to receive it at the university of his or her choice.

I was dismayed to hear some administration officials voice the false belief that every college student seeking financial aid owns high priced stereo equipment, a car, and can afford to take a trip to Florida during Christmas or spring recess. The fact is that only a few can afford such luxuries, and more often than not they are not the recipients of financial aid.

Others say that a student should not be guaranteed an education at the university of college of his or her choice. Although the State University of New York is an outstanding public university and provides an excellent education, this system simply could not accommodate the influx of students that would result from further cutbacks in aid to students who attend private colleges and universities.

Over 42 percent of New York's colleges and university students attend a private school, and because of the high cost of tuition, these students are in particular need of Federal assistance to sustain their education. I believe we must fight to preserve the right of a student to attend the college of his or her choice, whether it be public or private.

We are at a critical juncture. Now is not the time to retrench and limit the opportunity of this Nation's young people to achieve their full potential and to make real contributions to the future of the nation. I believe that the Federal spending must be brought under control, but if you ask me, can this Nation afford to reduce its investment in education? I think the answer is clearly "No."

Mr. Chairman, I would like to depart just for a moment and suggest one of the areas that we have been totally remiss on is in the collection of those guaranteed student loans, and I think that we passed in the Senate a bill aimed—and my colleague, Senator Quayle, is working with us now and his staff to pass a bill that deals with this problem. We passed it 96 to 1, the Federal Debt Recovery Act, which would allow the Justice Department to retain outside counsel to seek the collection of these debts. We lose about $6 billion a year in guaranteed student loans and SBA loans and other loans. We lose about $3 billion a year through the statute of limitations tolling. Those are moneys that the taxpayers will never be able to collect simply because it is not practical or realistic to think that the Justice Department can, in its Civil Division, bring the lawsuits necessary to collect those moneys. They are not equipped to do so.

So we have the power thrust of both the Justice Department that does not want to give up jurisdiction, and it has finally signed off on this, and those in the House of Representatives who are content to do business as usual—and we are doing no business, and the people's dollars are being lost. And we encourage others not to pay back their loans. And I would think this is an area that OMB and others and those who are interested in guaranteed student loans to begin to move to do something.

So I look forward to working with the chairman, and I would hope that maybe we could get some legislative relief for the people, for the taxpayers of the Nation.

Mr. Chairman, I would ask that the balance of my remarks be included in the record as if read in its entirety. It is addressed to an important institution known as the Taft Institution for Two-Party Government, which was founded in 1961 as a memorial to the late Senator Robert A. Taft. It is dedicated to the nation, and I would hope that we could continue funding this program.

I commend the chairman for holding these hearings. I understand the need for economic restraint, but I think that we can do a better job by seeing to it and encouraging that people who borrow moneys are not given a green light just to turn their head aside and duck out on their responsibility and fail to pay back those dollars.

[The prepared statement of Senator D'Amato follows:]

STATEMENT BY SENATOR ALFONSE D'AMATO
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES
SEPTEMBER 17, 1985 IN SD-430

MR. CHAIRMAN, I COMMEND YOU FOR HOLDING THIS IMPORTANT HEARING ON THE GUARANTEED STUDENT LOAN PROGRAM. THIS PAST YEAR HAS BEEN A DIFFICULT ONE FOR THOSE OF US WHO ARE STRONG ADVOCATES OF STUDENT FINANCIAL AID PROGRAMS.

MR. CHAIRMAN, IT HAS ALWAYS BEEN MY BELIEF THAT THE TICKET TO SUCCESS IN THIS WORLD IS A COLLEGE DIPLOMA. HOWEVER, NOT EVERYONE SHARES MY OPINION. SINCE I HAVE BEEN IN WASHINGTON, I HAVE FOUND CONSIDERABLE OPPOSITION TO THE FINANCIAL AID PROGRAMS, PARTICULARLY THE GUARANTEED STUDENT LOAN PROGRAM. I FIND THIS VERY DISHEARTENING BECAUSE WE, AS LEGISLATORS, MUST MAKE AVAILABLE MORE RESOURCES TO THE THE DESERVING COLLEGE-BOUND STUDENT, NOT LESS.

AS A PARENT OF TWO COLLEGE-EDUCATED GIRLS AND TWO FUTURE COLLEGE-BOUND BOYS, I UNDERSTAND THE IMPORTANCE AND THE NEED FOR HARD-WORKING, MIDDLE-CLASS FAMILIES TO RECEIVE FINANCIAL AID TO DEFRAY THE COSTS OF HIGHER

EDUCATION. I MYSELF RECEIVED FEDERAL FINANCIAL ASSISTANCE UNDER THE NATIONAL DEFENSE STUDENT LOAN PROGRAM. WITHOUT THESE FEDERAL DOLLARS, I WOULD NEVER HAVE BEEN ABLE TO GO TO COLLEGE AND LAW SCHOOL.

IN MY STATE OF NEW YORK, 300,000 STUDENTS RECEIVE OVER $315 MILLION IN PELL GRANTS, AND 40,000 STUDENTS ARE RECIPIENTS OF SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS. NATIONALLY, ABOUT 63% OF STUDENTS RECEIVE SOME FORM OF FINANCIAL AID; 81% OF THIS IS FEDERAL AID.

I BELIEVE THAT A COLLEGE DEGREE IS PART OF THE AMERICAN DREAM AND THAT MY CHILDREN, AS WELL AS EVERY OTHER HARD-WORKING, MIDDLE-CLASS PARENT'S CHILDREN, SHOULD HAVE THE OPPORTUNITY TO PURSUE THIS DREAM. THERE IS NO WAY THAT I WILL GIVE UP THE FIGHT TO SEE TO IT THAT EVERY PERSON HAS THE OPPORTUNITY, NOT ONLY TO RECEIVE A COLLEGE EDUCATION, BUT ALSO TO RECEIVE IT AT THE UNIVERSITY OF HIS OR HER CHOICE.

I WAS DISMAYED TO HEAR SOME ADMINISTRATION OFFICIALS VOICE THE FALSE BELIEF THAT EVERY COLLEGE STUDENT SEEKING FINANCIAL AID OWNS HIGH-PRICED STEREO EQUIPMENT, A CAR, AND CAN AFFORD TO TAKE A TRIP TO FLORIDA DURING CHRISTMAS OR SPRING RECESS. ONLY A FEW CAN AFFORD SUCH LUXURIES, AND, MORE OFTEN THAN NOT, THEY ARE NOT THE RECIPIENTS OF FINANCIAL AID. OTHERS SAY THAT

A STUDENT SHOULD NOT BE GUARANTEED AN EDUCATION AT THE UNIVERSITY OR COLLEGE OF HIS OR HER CHOICE. ALTHOUGH THE STATE UNIVERSITY OF NEW YORK IS AN OUTSTANDING PUBLIC UNIVERSITY AND PROVIDES AN EXCELLENT EDUCATION, THIS SYSTEM SIMPLY COULD NOT ACCOMODATE THE INFLUX OF STUDENTS THAT WOULD RESULT FROM FURTHER CUTBACKS IN AID TO STUDENTS WHO ATTEND PRIVATE COLLEGES AND UNIVERSITIES. OVER 42% OF NEW YORK'S COLLEGE AND UNIVERSITY STUDENTS ATTEND A PRIVATE SCHOOL AND, BECAUSE OF THE HIGH COST OF TUITION, THESE STUDENTS ARE IN PARTICULAR NEED OF FEDERAL ASSISTANCE TO SUSTAIN THEIR EDUCATION. WE MUST FIGHT TO PRESERVE THE RIGHT OF A STUDENT TO ATTEND THE COLLEGE OF HIS OR HER CHOICE WHETHER IT BE PUBLIC OR PRIVATE.

WE ARE AT A CRITICAL JUNCTURE. NOW IS NOT THE TIME TO RETRENCH AND LIMIT THE OPPORTUNITY OF THIS NATION'S YOUNG PEOPLE TO ACHIEVE THEIR FULL POTENTIAL AND TO MAKE REAL CONTRIBUTIONS TO THE FUTURE OF THIS NATION. I BELIEVE FEDERAL SPENDING MUST BE BROUGHT UNDER CONTROL, BUT IF YOU ASK ME, "CAN THIS NATION AFFORD TO REDUCE ITS INVESTMENT IN EDUCATION?" MY ANSWER IS A RESOUNDING, "NO."

MR. CHAIRMAN, I AM ONE OF THE CHOSEN. I WAS GIVEN THE OPPORTUNITY TO GET A PIECE OF THE AMERICAN DREAM. I

WANT TO MAKE CERTAIN THAT OTHERS HAVE THIS SAME OPPORTUNITY.

MR. CHAIRMAN, I KNOW THAT I DO NOT HAVE TO CONVINCE YOU OF THE IMPORTANCE OF THE GSL PROGRAM; YOU ARE A STAUNCH SUPPORTER OF FINANCIAL AID. HOWEVER, WE MUST GET OUR MESSAGE TO THOSE WHO ARE NOT ABLE TO BE AT THIS HEARING TODAY.

MR. CHAIRMAN, I WOULD LIKE TO MAKE A FEW COMMENTS ABOUT ANOTHER EDUCATION PROGRAM, THE ROBERT A. TAFT INSTITUTE ASSISTANCE ACT (S.434).

AS YOU KNOW, THE ROBERT A. TAFT INSTITUTE FOR TWO-PARTY GOVERNMENT WAS FOUNDED IN 1961 AS A MEMORIAL TO THE LATE SENATOR ROBERT A. TAFT. IT IS DEDICATED TO A NOTION WE ALL SHARE: THE PRINCIPLE THAT EACH CITIZEN SHOULD HAVE AN OPPORTUNITY TO CONTRIBUTE TO GOVERNMENT AND POLITICS.

THE ROBERT A. TAFT INSTITUTE OF TWO-PARTY GOVERNMENT IS A NON-PARTISAN, NON-PROFIT, TAX-EXEMPT CORPORATION, OPERATING UNDER A CHARTER GRANTED BY THE BOARD OF REGENTS OF THE STATE OF NEW YORK. ITS MISSION IS TO ENABLE TEACHERS, ADMINISTRATORS, AND OTHERS TO EXPLORE THE AMERICAN SYSTEM OF GOVERNMENT AND POLITICS. IT WORKS TO ENHANCE BOTH KNOWLEDGE AND TEACHING SKILLS

AND STIMULATES AND ENCOURAGES STUDENTS TO TAKE AN INTEREST IN GOVERNMENTAL, POLITICAL, AND RELATED COMMUNITY ACTIVITIES.

ITS TASKS ARE EXPOUNDED BY FOCUSING ON THE COMPELLING NEED FOR RESPONSIBLE CITIZEN PARTICIPATION IN POLITICS. THE TAFT INSTITUTE APPROACHES ITS TASKS BELIEVING THAT PRINCIPLES OF AMERICAN SELF-GOVERNMENT ARE BEST SERVED BY A WELL-INFORMED PUBLIC.

TAFT SEMINARS ARE SPONSORED BY UNIVERSITIES AND COLLEGES ACROSS THE COUNTRY. THEY PROVIDE RIGOROUS COURSES IN PRACTICAL POLITICS AND POLITICAL SCIENCE. THE SEMINARS INCLUDE EXPERIENCED POLITICIANS AND POLITICAL SCIENTISTS WHO COME TOGETHER WITH HIGH SCHOOL AND ELEMENTARY SCHOOL TEACHERS TO EXPLORE AMERICAN FREEDOM, THE TWO-PARTY POLITICAL PROCESS, THE ROLE OF POLITICAL PARTIES, AND THE ROLE OF EACH CITIZEN IN SELF-GOVERNMENT.

THEREFORE, I AM PLEASED, MR. CHAIRMAN, THAT THERE IS GROWING SUPPORT FOR REAUTHORIZATION OF THE ROBERT A. TAFT INSTITUTE ASSISTANCE ACT. THE TAFT INSTITUTE BENEFITS ALL AMERICANS AND ENHANCES THE GROWTH AND DEVELOPMENT OF OUR POLITICAL SYSTEM. IT SHOWS OUR CONTINUING COMMITMENT TO A STRONG, INVOLVED, AND WELL-INFORMED CITIZENRY.

Senator QUAYLE [presiding]. Thank you very much, Senator D'Amato. We appreciate your coming over here and testifying about higher education and, in particular, the student loan program, which is probably the most important part of higher education.

I take note of your work in the past in this area, and we appreciate your testimony here today. I believe Senator Pell did point out that Senator Stafford is not here to chair this morning because the Superfund legislation is now on the floor. It's impossible to be two places at one time, and being chairman of the Environment and Public Works Committee with overall responsibility for that piece of legislation, he had to be there. But he does thank you for your contributions.

I just have one quick question: As you look to the collection of the defaulted loans, I do not know if you have had a chance to read this morning's newspaper, but the Justice Department has announced a process where they are going to collect loans that are $100,000 or less through administrative procedures first before going into court. I wonder if this might be a possibility that you have looked at with the collection of student loans? Rather than just going strictly into court through the outside counsel, you might have an administrative procedure first that might be more efficient in collecting some of these loans before you actually have to sue on them.

Have you given this any thought, or do you think this might be an idea to examine as we look for ways to improve collections and to get better efficiency.

Senator D'AMATO. When we talk about the collection of $100,000 outstanding obligation, that is a far different cry from the obligation that is $2,000, $3,000, $4,000, or $5,000. It tends to get put to the side. You would not really expect that the young assistant who is deluged with hundreds of cases, criminal, civil, et cetera, should spend his time on the collection of these rather small accounts. But obviously given the huge volume, we are talking about large sums of money.

And that is the problem that exists. I do not believe that the Justice Department can address this, that it needs outside counsel, those who are specialists in these collection matters, who have them computerized, who will turn out maybe on a ratio of 10 to 1 in terms of man-hours and productivity as opposed to the attorney's office, whether it be in the Justice Department or others who are not organized to go after these accounts.

Now, if handled the right way, litigation will not take place. If a person knows that they are someone who is serious and will reduce the outstanding obligation to a judgment within a relatively short period of time, more often than not if that person has the ability to pay, they will come up with the funds.

And so that is why it is absolutely essential that we get a professional manner and approach as if in business. Business does not turn over all of their delinquent accounts automatically to a collection agency or those who undertake this kind of thing. There is an administrative forum at first, but when they reach a certain point, when they see that there is no response, then obviously they turn them over for outside collection.

The Federal Government is probably responsible for encouraging many people to default on their loans because they know that the likelihood of litigation being commenced, particularly where there is a small amount of money involved, is minimal and at best will only take place in a very, very rare instance.

Senator **Quayle**. Senator Pell, do you have any questions?

Senator **Pell**. No questions at all. Thank you very much.

Senator **Quayle**. Again, Senator D'Amato, thank you very much for coming over and testifying. It gives us some good input, and we really do appreciate your expertise in this area and look forward to working with you as we form this bill.

Senator **D'Amato**. Thank you, Senator; I look forward to working with you, particularly in the debt collection aspect.

Senator **Quayle**. Our first panel will be Sister Janice Ryan, Dr. Lattie Coor, and Mr. William Boyd; if they would come forward, please.

Before we get started, I might just again say that Senator Stafford is personally disappointed by not being here when he has two of his outstanding college presidents from his home State. But I am sure that you both understand the responsibilities requiring him to be elsewhere. It is unfortunate timing, but when the majority leader decides a bill is going to come up, it is going to come up. It is too bad that it had to interfere with this hearing because I know that he would like to be here and to share a discussion with the two special people from Vermont.

Your entire testimony will be made a part of the record. We ask if you can in fact to summarize in 5 minutes or less so we can have a few moments for questions. The first witness is Sister Janice Ryan, the president of Trinity College in Burlington, VT. Sister Janice.

STATEMENT OF SISTER JANICE E. RYAN, PRESIDENT, TRINITY COLLEGE, BURLINGTON, VT; DR. LATTIE F. COOR, PRESIDENT, UNIVERSITY OF VERMONT, BURLINGTON, VT; AND WILLIAM BOYD, ACTING DIRECTOR OF FINANCIAL AID, PENN STATE UNIVERSITY, UNIVERSITY PARK, PA

Sister **Ryan**. Thank you, Senator; thank you for referencing Senator Stafford. I am pleased he is doing his primary duty this morning and have great confidence in this committee. You will permit me to say that I view it as a special privilege to come before you as you are viewed as an outstanding guardian of this Nation's higher education policy, and certainly with the leadership of Senator Stafford, you in particular, Senator Pell, and Senator Simon.

The testimony that I will give reflects the concerns of the president of a small liberal arts college, Trinity College of Vermont; and yet at the same time this testimony is consistent with the opinions of 25 college and university presidents in the State of Vermont as we had an assignment from Senator Stafford last year which basically was to give him our collective opinion on the Reauthorization Act and recommendations, which we did earlier this year in Vermont. Therefore, my testimony is consistent with that as well as representative of our own college.

For your information, Trinity enrolls nearly 1,000 students, 400 of whom are traditional aged women and 600 of whom are men and women over the age of 22, averaging two to three courses a semester, all of whom are seeking their degrees. So we are an age-integrated college on the cutting edge of what is happening in higher education.

I have two main messages this morning: one is to report to you how is the system of guaranteed student loans working; and that report is in the context of the diversity of the financial aid programs: that is Pell, campus-based, and guaranteed student loans, which allow 58 percent of our students enrolled, half time or more, to receive assistance. At our particular college our average loan was $2,326, and our students borrowed just a little shy of $800,000 last year.

You might interested to know that only 17 percent of those who applied were not eligible.

I have brought you 8 recommendations based on our experience, and again I repeat these recommendations also represent the public and private institutions in the State of Vermont, of which there are 26. These recommendations are in the context of three basic governing principles that have served the Higher Education Act since 1965, and that is of course that aid should be awarded on the basis of need; that there should be equity for all our students; and that students should have access in choice.

The eight recommendations, I have simply stated what the present situation is and our recommendations. So that No. 1 is to assure decoupling the methodologies. The present situation, as you know, in Pell grants, a cornerstone of the financial aid methodology, that now is used as a rationing device. However, that device should be used only for Pell. And we recommend that the decoupling of the two methodologies that currently exist be maintained and to assure that, to state that in law.

No. 2 the present situation relative to student budget allowance, which is $1,100, simply is not sufficient in 1985. We recommend that that be increased to a realistic figure. The independent-dependent status, the criteria currently used for a truly independent student can and sometimes does permit abuse. We recommend adding an additional year to the present definition. This would require a student to be independent for the award year plus 2 previous calendar years. To the truly independent this will be beneficial and will help separate the dependent from the independent students.

Relative to satisfactory academic progress, which is interpreted and enforced in the institution by determining and implementing guidelines currently, we recommend that this policy be continued, and for those institutions not in compliance, that the Department of Education intervene, but we strongly oppose any mandated practices for all institutions.

Guaranteed student loan contribution tables, the present situation is these contribution tables do and can discriminate against the independent who is often the older student. The numbers of these students, as you know, are steadily increasing.

An illustration at Trinity is that a mother and daughter who are both full time students living in the same household, the daughter is eligible for all financial aid except Pell, yet the mother is not able to receive any aid, not even a loan, both living in the same household, the same circumstances. The recommendation, obviously, is to attend to the family contribution tables.

No. 6, the origination fee problem: recommendation, eliminate it.

Seven, loan consolidation: Students who want to repay their loans and find themselves in a position unable to meet their repayment schedule, have no recourse other than to default or in select cases may obtain a hardship deferment. Recommendation: authorize the mechanism for loan consolidation, allow all borrowers to repay their loans under schedules which are income related.

And, No. 8, guaranteed student loan delivery is currently not mandated to be on the local level, and as a result many students do experience serious loan delays, frustration, and possibly additional charges. As you know, this situation has been further exacerbated in the past 18 months. We recommend that we strengthen the delivery of the Guaranteed Student Loan Program at the local level, thereby enabling the agencies to be more responsive.

In summary and in closing, I would like to state and emphasize my own belief that the current funding of the guaranteed student loans do not place an excessive burden on graduates. In fact, the loan limits need to be increased. If these limits are not increased, I believe that access to education already is and will be further in jeopardy. The increase of a variety of options for repayment that I have mentioned previously alleviates my concern for students as they begin new careers often with very modest salaries.

I am in a position as president of Trinity College and I think represent one end of the continuum where I have a great concern for loan burden as our students walk across the stage and receive their diplomas, many of whom will take service occupations, teaching, social work, other related occupations; many of them will remain in Vermont in rural areas, and to pay their apartment rent, to pay their payment on their car, because there is no public transportation system, and to start repaying that loan in the April after their commencement, all of these items I am very much aware of, and from the perspective of our particular college have concluded over 6 years of administration that in fact they must have the option of increasing that loan limit if they wish and that that, coupled with the previous recommendation of loan consolidation in repayment, if those two things can be twin, I do believe that loan limits can and should be raised and is essential to access and choice.

In conclusion, I would simply reiterate that these points are related to the governing principles, aid according to need, equity, access, and choice, which have served our students so well. And on behalf of the students at Trinity College, I bring you their resolution, which is one of gratitude to your attention to this testimony and the opportunity for us to present their point of view.

Thank you.

[The prepared statement of Sister Ryan follows:].

PREPARED STATEMENT OF JANICE E. RYAN

Thank you, on behalf of students, for the opportunity to speak to the Subcommittee concerning the Guaranteed Student Loan Program. I come feeling especially privileged as this Subcommittee is viewed by many of us as an outstanding guardian of the Nation's Higher Education policy. You will indulge me a moment by permitting a special acknowledgement to the leadership in Higher Education of our own Senator Robert Stafford and also that of Senator Claiborne Pell and Senator Paul Simon.

The testimony that I will give reflects the concerns of a president of a small liberal arts college, Trinity College of Vermont. These concerns are also national concerns in that Trinity is representative of many of our 3300 colleges and universities in the United States. Trinity enrolls nearly 1,000 students; 400 of whom are traditional age women and 600 of whom are over the age of 22; in fact we have an average age of 34. The 600 older students register for an average of two to three courses a semester with many attending full time.

How is our present system of financial aid working in the area of Guaranteed Student Loans? The present system of financial aid with its diversity of programs -- Pell Grants, Campus Based programs and the Guaranteed Student Loan -- allowed 58% of our students enrolled half time or more to receive assistance in 1984. In Guaranteed Student Loans the average loan was $2326.00 and our students borrowed a total of $779,211.00. Only 17% of all those students who applied for Guaranteed Student Loans were not eligible.

Let me pause a moment to speak about our commitment to this nation's policy as it is stated in the Higher Education Act of 1965 -- that is, aid should be awarded on the basis of need, that there should be equity for all our students, and that students should have access and choice in their education.

Now in the context of and consistent with these principles just stated, I have eight recommendations for your consideration in reauthorizing the Higher Education Act of 1965. For each I will briefly describe the problem or situation and then recommend a solution.

1. Assure Decoupling of Methodologies

   Present Situation: As you know, The Pell Grant, a cornerstone of financial aid methodology, is now used as a rationing device. However, the device should be used only for the Pell Grant

   Recommendation: Assure that the decoupling of the two methodologies that currently exist continues by stating this in law.

2. Student Budget Allowance

   Present Situation: The student budget allowance of $1,100 is not sufficient in 1985 to support a student for nine months.

   Recommendation: Increase the student budget allowance to a realistic figure.

3. The Independent/Dependent Status

Present Situation: The criteria currently used for determining the truly independent student can permit abuse.

Recommendation: Add an additional year to the present definition. This will require a student to be independent for the award year plus two previous calendar years. For the truly independent, this will be beneficial, and it will assist in separating dependent from independent students.

4. Satisfactory Academic Progress

Present Situation: Satisfactory academic progress is interpreted and enforced in the institution by determining and implementing guidelines.

Recommendations: Continue this policy. For institutions that are not in compliance, I support the intervention of the Department of Education, but strongly oppose any mandated practices for all institutions.

5. Guaranteed Student Loan Contribution Tables

Present situation: The Guaranteed Student Loan Family Contribution Tables discriminate against the independent (often older) students. The numbers of students falling into this category are steadily increasing. An illustration, at Trinity there is a mother and daughter who are both full-time students. The daughter is eligible for all financial aid except PELL and yet the mother is not able to receive any financial aid - not even a loan. Both are living in the same household.

Recommendations: Fix the Guaranteed Student Loan Family Contributions Tables.

6. Origination Fee

Present Situation: In 1981 a 5% Origination Fee on Guaranteed Student Loans was instituted. This Origination Fee plus the pre-existing 1% Administration Fee on a Guaranteed Student Loan has caused an unjustifiable cost to the student. The consequence to students requiring $2500 to finish paying their bill can, in fact, result in a loss between $150 to $250.

Recommendation: Eliminate the Origination Fee.

7. Loan Consolidation

Present Situation: Students, who want to repay their loans and find themselves in a position unable to meet their repayment schedule, have no recourse other than default or in select cases they may obtain a hardship deferment.

Recommendation: Authorize a mechanism for loan consolidation. Allow all borrowers to repay their loans under schedules which are income related.

8. Guaranteed Student Loan Delivery

Present Situation: Guaranteed Student Loan delivery is currently not mandated to be on the local level, and as a result many students experience serious loan delays, frustration and possibly additional charges. This situation has been further exacerbated in the past 18 months.

Recommendation: Strengthen the delivery of the Guaranteed Student Loan Program at the local level, thereby enabling State Agencies to remain and become even more responsive to students, families, lenders and local conditions.

In summary, it is imperative that I emphasize my own belief that the current funding of Guaranteed Student Loans does not place an excessive burden on graduates. In fact, the loan limits need to be increased. If these limits are not increased, access to education will be in jeopardy. The increase of variety of options for repayment that I have mentioned previously alleviates my concern for students as they begin new careers often with very modest salaries. I am very conscious of our young women who are responsible for rent, Guaranteed Student Loan payments, car payments and other expenses while living on a teacher's salary in rural Vermont. The Guaranteed Student Loan Program is one of the pillars of financial aid. This pillar cannot stand alone, however; it must be buttressed with a combination of grant and work.

In conclusion I believe these eight points will further strengthen the governing principles: aid according to need, equity, access, and choice which have served our students so well.

Senator **Quayle**. Thank you very much, Sister Janice. Next is Dr. Lattie Coor, who is president of the University of Vermont also in Burlington.

Dr. **Coor**. Thank you, Mr. Chairman; I hope you will tell Senator Stafford we totally understand and appreciate the need to tend the environment today as well. That is as important to us in Vermont as higher education also.

Indeed, Senator Stafford has already visited this issue with us once before, and as I open my remarks today, I would like to comment on that rather interesting hearing, to salute Senator Stafford, his staff, and others who have worked with you on this committee, particularly Polly Gault who not only helped this event, but one that opened our conversation on the reauthorization in Vermont in February.

Anticipating this significant moment, Senator Stafford and Congressman Jeffords asked the 23 institutions of higher education in Vermont to begin work a year in advance to examine the provisions of the existing law and to make collective recommendations as to the wisest course for the future.

Sister Janice has mentioned the results of that work, and I note to you that Senator Stafford on behalf of the committee met in Burlington, sought testimony from a wide quarter, and allowed us to discuss the document itself.

Two things happened at that hearing in February that I would like to bring to the committee's attention today. The hearing is worth reading because the strength of conviction expressed there can do far better than I or other representatives who come before you today.

First, the panels consisted of students, parents, and others affected by the various student aid programs, poignantly, passionately spurred by comments made just the day before by the Secretary of Education Designate. His infamous comments about stereos and trips to Florida, added a strength of statement about the essential qualities of these programs that I have never heard before.

Part of the spirit will be lost inevitably in taking the words as they were spoken and the words on that printed page, but the record is a vivid one. It is one that carries a conviction I would urge to all of you as you begin these hearings here.

Second, even as we discuss guaranteed student loans here today, I would note the rather extraordinary conviction by all who were there about two principal features of Federal student aid programs that I want to underscore before I turn to one or two specific items here today.

First, the concept of balance, balance in grant programs, the Pell grants and SEOG, balance in the self-help programs, college work-study, and in the Guaranteed Student Loan Program, and the importance of always returning to the principle over and over again, that we must find a way in Federal policy and its acting out to the individual students to see some balance in the way grants and loans and work-study are organized.

And, second, the question of burden, burden on the students and their families, a matter that has drawn increasing attention, including the report just this morning in the Washington Post about the Carnegie Foundation report; burden as it rests on the institutions themselves.

In opening the hearing this morning, Senator Pell notes that in the mid-1970's the guaranteed student loan was intended to be only a secondary program harboring 17 percent of the total Federal obligation for student aid and that today it is the primary program carrying 52 percent of the program. I understand the problems with cost of the program. I understand and feel strongly about roles we can play in the problems of repayment and default, but I would urge again that you look at those hearings from Vermont where we together tried to wrestle with this issue of balance in the programs and of the burden they placed on the individuals and the institutions.

For my testimony, Mr. Chairman, let me just offer two things: First, some data on the University of Vermont; and, second, emphasize the question of the general parameters of the Guaranteed Student Loan Program I would most strongly recommend for the future. I join Sister Janice in the eight points she has presented to you. I will not repeat those points save to lend my support to those, as indeed I think you would find support from the other institutions in Vermont because we have worked so carefully and hard on the recommendations.

The University of Vermont last year had 9,282 full-time undergraduate, graduate, and professional students; 5,037 of those students, 60 percent of our student body, requested guaranteed student loans. The total value of that collective request was $13,474,000. The significance of that program as our primary program is such that we view it as the centerpiece now of everything we can do in managing Federal grants programs, in connecting that with our institutional grant funds, and those provided by the Vermont Student Assistance Corp., the State scholarship program.

It is, therefore, terribly important to us that great care be exercised in considering programs or proposals that would place strict income limitations on students and their families. The initial 1986 budget proposed by the present administration with its cap of $32,500 would have rendered 2,800 of the 5,037 at the University of Vermont ineligible. It would have dropped our capacity to provide guaranteed student loans under the current program from approximately $13.5 million by more than $7 million. What that in effect means is that even if we had used that limit, we would have substantially undermined the program as it exists at the present time.

Substantively, two observations I would make to the committee: First, I would propose along with other institutions and now I understand the American Council on Education, that there be an increase in the maximum allowable level of borrowing, even recognizing that that has some influence on the total aggregate borrowed and with it the burden.

I would recommend a differentiation between eligible maximum borrowing for freshmen and sophomores and for juniors and seniors and graduate students. Increasing the allowable limit for freshman and sophomores by $500 to $3,000 to $5,000 for juniors and seniors, and to $8,000 for medical and graduate students.

I would recommend setting the cumulative levels to $20,000 for undergraduates, $25,000 for graduate students, and $40,000 for the combined. Does that increase the burden on the individual? Indeed, it does. It does not, however, even in its aggregate, set the total burden at a level higher than the actual dollar value when they were first set in 1972.

The difference between 1972 and now, adjusting for inflation, is not that the total proportion of future earnings borrowed has grown, but the total number of students relying on guaranteed student loans is growing.

I would recommend, therefore, second, that ways be found to make the repayment schedule more income sensitive. The proposal that Sister Janice placed before you today to have the repayment schedule organized in such a way that it could meet the true capacity of the individual to pay I find the better of the various proposals that have been offered. But I would, more importantly I think, simply endorse a principle of having a repayment schedule that makes the burden more manageable based on the individual's capacity to pay.

I, too, recommend eliminating the origination fee because it simply deprives the recipient of the net value of the award even as it was initially done in 1972.

In short, guaranteed student loan has become the centerpiece of our financial aid program at the State University in Vermont and indeed financial aid programs nationally. Its cost, driven primarily by interest rates and the very substantial participation, I recognize are of importance to this Government. But this program has become so central as the balance has shifted from grants to loans, that I urge its continuation, its expansion, as I have described, and some attention to softening the effect of repayment so that the burden itself can be tempered.

[The prepared statement of Mr. Coor and responses to questions submitted by Senator Hatch follow:]

PREPARED STATEMENT OF LATTIE F. COOR

I am pleased to be able to address this subcommittee on the matter of the Guaranteed Student Loan program, because this subcommittee has been powerfully involved in shaping and maintaining a strong range of programs for student financial assistance in post-secondary education. I share with many of my friends and colleagues pride in the leadership that our own Senator Robert Stafford has brought to this subcommittee. I want to acknowledge as well the contributions that have been made by the other members of the subcommittee, particularly Claiborne Pell and Paul Simon, with whom I have enjoyed working for many years. Let me not forget the role played by the professional staff of the subcommittee. Polly Gault has to be one of the best staff directors working here on Capitol Hill.

The strength of our federal programs of student financial assistance is the diversity of programs that helps assure that the special needs of all our population are met in the quest for education. The Pell Grants provide the basic foundation for the structure of financial aid from the federal government, from the governments of the states, and from colleges and universities themselves, assuring that the neediest of students will have access to education. The campus-based programs make it possible for us to package aid in terms of the special needs of our students for support through grants or loans or work. When all other resources have been tapped, the Guaranteed Student Loan helps students and their families meet the remaining unmet need for assistance.

The focus of our hearing today is the reauthorization of the Higher Education Act of 1965, and particularly that section of Title IV devoted to the Guaranteed Student Loan program, but this subcommittee will shortly have to respond to reconciliation instructions for the Fiscal 1986 Budget Resolution that will have some impact on the shape of the Guaranteed Student Loan program for several years to come. I know that each of you recognizes that your response to those reconciliation instructions must not do violence to the principles on which the program of Guaranteed Student Loans is based.

The whole structure of federal student financial assistance through the Higher Education Act of 1965 is founded upon principles that aid should be awarded on the basis of need, that there should be equity for all our students, and that students should have opportunities not only for access to education but also choice in education. Those are principles that should be maintained in both reconciliation of the Budget Resolution and reauthorization of the Higher Education Act.

Guaranteed Student Loans are the program to which students turn when all other sources of support have been exhausted for them, but that does not diminish the importance of Guaranteed Student Loans to those students in any way. At The University of Vermont, we know just how important those Guaranteed Student Loans are. Last year, we had 9,282 full-time undergraduate, graduate, and professional students enrolled at our university, and 5,037 students requested Guaranteed Student Loans totalling $13,474,351. Guaranteed Student Loans represented approximately 60 percent of all available financial aid resources at the University.

I ask that you exercise great care in considering proposals that would place strict income limitations on students and their families in obtaining Guaranteed Student Loans. The initial Fiscal 1986 Budget proposed by the present Administration recommended a cap that would limit eligibility to adjusted gross incomes below $32,500. If that principle had been in place last year, then 2,800 of the 5,037 students who sought Guaranteed Student Loans at The University of Vermont would have been denied, and our loan volume would have dropped more than $7 million from our level of $13.5 million. There has been a suggestion that the income cap be placed at $60,000. I can tell you that, if that had been the level set last year, some 400 of our 5,037 applicants would have lost $1 million in loans. You will have to measure the value of federal savings in interest subsidies against the lost resources for students at those income levels. I believe that the more equitable approach would be a movement away from reliance on income caps to a commitment to needs analyses in terms of both income and assets for all those who seek Guaranteed Student Loans.

Since 1981, there has been a 5 percent origination fee and a 1 percent administration fee on Guaranteed Student loans, effectively reducing the $2500 maximum loan to $2325, and some have proposed increasing the percentage for the origination fee. The origination fee reduces the amount of funds actually given to a student, but the student is still held responsible for payment of the full amount. I am opposed to the origination fee as a mechanism for savings, because it violates the principle of equity for all students. The fairer response would be abolition of the origination fee and acceptance of the need to set the interest rate for the Guaranteed Student Loan at a rate higher than 8 percent.

As you seek ways to hold in restraint federal obligations for the Guaranteed Student Loan program and for other federal programs of student financial assistance, you are also asked to consider increasing the maximum level for Guaranteed Student Loans. In the years that the maximum loan level has been held at $2500, tuition and fees at The University of Vermont have increased 200 percent. We are not alone in experiencing that level of increase. Colleges and universities throughout the nation have had their expenses increase through inflation, and they have had to adjust their costs to meet that inflationary impact on expenses. You must consider increasing the maximum loan level in order to maintain the viability of the Guaranteed Student Loan program to meet remaining unmet need.

I suggest that you increase loan limits to reflect recognition of rising educational costs and the need to make available credit for students to finance post-secondary education. I recommend annual levels of $3000 for freshman and sophomore undergraduate students, $5000 for junior and senior undergraduates, and $8000 for graduate and medical students. I also ask you to set cumulative levels to $20,000 for undergraduates, $25,000 for graduate students, and $40,000 for combined loans at both the undergraduate and graduate level. These new levels would more realistically reflect the true costs of higher education today.

With increased loan burdens growing as a consequence of increased costs of education, there is a need to assure that young men and women are able to build sound and secure lives for themselves by providing to them mechanisms for loan consolidation and for the extension of loan repayment periods. I believe it particularly important that the regulations for loan repayment be made income sensitive--recognizing that the rewards in various careers are not always commensurate with the value of those careers to our society.

The Administration and the Congress have much reason for concern about the magnitude of the federal budget, the magnitude of the federal deficit, and the magnitude of the national debt. The Government must address those problems by both increasing its revenues and decreasing its expenses, but, in doing so, the Administration and the Congress must recognize that education is not truly an expense but an investment. We must bequeath to our youth not only a sound economy but also a sound quality of life. The colleges and universities of America help build the future of the nation, and the federal student financial assistance programs of the Higher Education Act are a federal investment in that future.

The University of Vermont
Burlington, Vermont 05405-0160

October 17, 1985

The Honorable Robert T. Stafford
Chairman
Subcommittee on Education,
Arts and Humanities
United States Senate
Washington, DC 20510

Dear Senator Stafford:

In your letter of September 30 regarding my appearance before your Subcommittee on Education, Arts, and the Humanities, you enclosed four questions that had been submitted by Senator Orrin Hatch. I have given serious consideration to each of those questions, consulting as well with my colleagues here at The University of Vermont, and I wish to submit my responses to those questions for inclusion in the record of the hearing.

I shall also be sending a copy of those responses to the Editor for the Senate Committee on Labor and Human Resources.

Let me say again how pleased I was to address your Subcommittee on Tuesday, September 17, and I stand ready to assist you again in maintaining America's investment in its future through sound education.

Sincerely,

Lattie F. Coor
President

LFC/awh
101701R1

cc: James W. Powell

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Responses by President Lattie F. Coor of The University of Vermont to questions posed by Senator Orrin Hatch for a hearing of the U. S. Senate Subcommittee on Education, Arts, and the Humanities, on Tuesday, September 17, 1985, on Reauthorization of the Higher Education Act.

Question: What should be the proper division of responsibility between student, parents or other family, educational institution, the private sector, and government in financing post-secondary education?

Response: I believe that the United States Government has been following since 1975 a sound policy with regard to the division of responsibility for meeting the costs of higher education. What has come to be called the Uniform Methodology sets a five-point standard for financing the education of students in colleges and universities:

1. To the extent that they are able to do so, parents should have primary responsibility for paying the costs of their children's educations.

2. The first step in building a structure of financial support for post-secondary education should be a parental contribution based on ability to pay.

3. The next step should be the student's own ability to contribute to his or her education through part-time employment.

4. The capacity of a student and a family to pay the costs of education should be measured in terms of the current financial situation, not that of the past or of an uncertain future.

5. Federal, state, and institutional support should be allocated after a needs analysis that evaluates families in a consistent and equitable manner, while recognizing that special circumstances may alter a family's ability to contribute fully to the costs of education.

Institutional support was once the major part of financial support beyond the family's contribution and the student's self-help. Such institutional support was generally available through the generosity of alumni, friends, and businesses. Such private contributions have not been able to keep pace with the increasing numbers of students and the increasing costs of education. Some institutions, including The University of Vermont, have attempted to increase the funds available for this institutional scholarship support by increasing the tuition for all students and then redistributing a portion of that excess as financial aid to some of those students. There is a limit to the extent to which one can or one should increase the tuition burden for all students. Institutional support must, of necessity, form a smaller part of the financial aid packages for students.

State support has flowed to higher education in two ways: first, as direct appropriations to public colleges and universities; second, as grants and loans to students who enroll in both public and independent institutions. No matter what the proportions of such aid to institutions and to students, states vary in their ability to meet the needs of education. That problem is severe for Vermont--a small state of approximately a half-million persons, the least urbanized state in the Union, with the financial resources of its populations heavily taxed to meet the need for all kinds of state services.

The federal role in the financing of higher education is one of the most significant changes in higher education in the past four decades. It represents a commitment to invest national revenues in the future of the nation.

Question: What is the proper balance between loans, grants, and work in financial aid packages in order to ensure a student's maximization of his education?

Response: The balance between work, loans, and grants is a balance that should be struck for each individual student. We generally believe that a student's participation in a work-study program should not exceed 15 hours a week, so that the student will have sufficient time to be successful in academic studies. In my statement to the Sub-Committee, I expressed my views on the appropriate annual loan levels that should be set for the Guaranteed Student Loan program, and I believe that those levels could represent the extent to which students should become obligated yearly through loans from all sources. I would also add that the student needs to be further protected against excessive loan burdens by having mechanisms to achieve loan consolidation and the extension of loan repayment in terms of the graduate's ability to pay. Grant awards should then be sufficient to meet the remaining costs of education.

Question: Should more resources for financial aid be channeled to institutions for disbursement through them to the student?

Response: I am going to assume that this question concerns the way in which funds are delivered in the Pell Grant Program. I very strongly recommend the decentralization of Pell Grant processing. I believe that there would be advantages in eliminating the Central Process and the Student Aid Report. We already have throughout the nation well established and well monitored services for the needs analysis for other financial aid programs. With decentralization, students could apply for aid through those present services. The Pell Grant would be paid at the institutional level as a result of the student aid index now provided to institutions by those services using the Pell Grant methodology. Decentralization would greatly enhance the responsiveness of the Pell program to student needs and would also provide a measure of cost savings by eliminating the contracted Central Processor.

If the Senator's question asks whether I favor an increase in financial aid resources directly to colleges and universities, my response would be affirmative. Increases are necessary to cover the increased costs associated with higher education and to offset the decrease in current resources caused by level funding of programs over the past few years. In terms of constant dollars, financial aid resources have decreased approximately 21 percent since 1983 as a consequence of level funding.

Question: Should concern with a student's educational achievement be made part of the criteria for financial aid?

Response: I believe that the current provisions for satisfactory academic progress are adequate and do allow institutions discretion to develop their own policies and procedures to correspond with federal requirements. I do not concur with proposals that have been made that a student be required to maintain a C average in order to receive federal financial aid under Title IV of the Higher Education Act. Institutions vary in the meanings to be attached to their grades, and institutions must retain the capacity to define the nature of satisfactory progress in the context of their academic settings.

Within the past three years, The University of Vermont has established a special program of Vermont Scholars to attract the very best of Vermont high school graduates to the University. This is a merit-based program operated independently of the general program of need-based financial aid. Such programs should be kept independent because there objectives are different. Institutions have an interest in merit-based programs in order to attract the best students for education. The nation should maintain an interest in need-based programs in order to provide access for all those who desire education.

Senator QUAYLE. Thank you very much, Dr. Coor. Next, Mr. William Boyd is the acting director of financial aid at Penn State University, University Park, PA. Mr. Boyd.

Mr. BOYD. Thank you very much, Mr. Chairman. We appreciate the opportunity to present our views on the GSL Program. Pennsylvania State University is a large, multicampus, broadly based institution of approximately 60,000 students.

Over 40 percent of our students participate in the GSL Program. It is a very significant aspect of the financial aid delivery at our State institution. As you can see, we have a heavy reliance on this program. We have processed since the inception of the program in excess of 250,000 guaranteed student loans, and I am happy to report that these students are repaying their loans. They are contributing to our society, and they have opportunities open to them that in many instances have been created by this program, the guaranteed student loan.

I would like to report to you that from our perspective, the program is working quite effectively, and obviously there are improvements that can be made. I believe that most of the current criticism is unwarranted. We believe that to continue the program as it currenthy exists will speak well for the committee, and it will serve education of our young people in the most effective manner.

In commenting about Penn State University, our families are paying approximately 65 percent of the aggregate cost of attendance with 23 percent of the costs coming from loan and work programs and an additional 12 percent from grants. As you can see, Penn State families are, as are families at most other institutions, very, very willing to participate in the payment of educational costs.

This cost sharing, I believe, is essential for the continuing success of our educational system. I think there are a couple of significant issues that are worthy of mention this morning. The recently publicized issue of soaring default rates in the GSL Program I think is somewhat misleading.

At Penn State, approximately 5 percent of our students are in default with about half of those listed in default currently in good standing. We believe that the guaranteed student loan goes to students with need, under the current system of presumption of need below $30,000 income and the needs test used above the $30,000 income.

A significant issue that is coupled with this is that grant dollars are not keeping pace with increasing educational costs; therefore, there is an alarming increase in debt levels on behalf of our students. We believe that in ensuring the availability of adequate funds, an appropriate balance of loan, grant, and employment funds will have the impact of reducing default rates.

There are several reauthorization recommendations that I would like to make; many of them have already been mentioned. I will touch upon those that have not already been mentioned. I join the other members of the panel in mentioning their issues. The issues that I would like to bring to the committee would be that we must be looking at early loan retirement provisions with some discounting options, or perhaps reduced interest rates as an incentive to encourage students to repay their loans earlier. This will cut down on cost in the program.

I recommend that we retain the current presumption of need for families with adjusted gross family incomes equal to or less than $30,000. I would strongly recommend that we not establish an income cap on the GSL Program and continue with the need analysis currently in place to determine eligibility.

I would support the lenders in their participation in the program, that we not take initiatives to eliminate the benefits to the lenders in the program in such a way that they are not encouraged to participate at their current levels. Obviously, their private capital is essential to a continuation of the program.

And I would encourage that tax-exempt revenue bond loan programs be a part of this legislation as we consider reauthorization to encourage entities to participate in such efforts that can serve as a complement, and also a supplement, to the badly needed Guaranteed Student Loan Program.

I obviously support loan consolidation efforts because of the increasing debt of our students, and increasing the loan maximum to also address the increasing cost of attendance of our students.

I would like to thank the subcommittee for this opportunity to appear before you and hope that the program is viewed through the reauthorization process as a strong program that is serving the needs of students in this country.

Thank you.

[The prepared statement of Mr. Boyd follows:]

PREPARED STATEMENT OF WILLIAM D. BOYD

I very much appreciate the opportunity to present testimony on the Guaranteed Student Loan Program. I represent the Office of Student Aid at the Pennsylvania State University, an institution whose students rely on the GSL Program in a rather significant way. Over 40% of our students receive assistance from this program each year. Since the inception of the program, well over 250,000 loans have been processed for our students representing many millions of dollars of private capital with federally supported interest costs and state guarantees. The majority of the people assisted from this program are now in the work force and contributing to our society in ways that might not have been possible without the opportunity created by the GSL and other forms of student assistance.

As the reauthorization process for the Title IV aid programs continues, I urge the Sub-Committee to consider very carefully the broad implications of the GSL Program in creating opportunities for students to enter institutions of higher education like Penn State, and to persist through the completion of their programs of study. We strongly believe that the program is working effectively, as Congress originally intended, and that those who are criticizing it are substantially misrepresenting the record.

Penn State's Experience with the GSL Program

We have found at Penn State that our families rely very heavily on the major loan programs to assist with educational expenses. It is very important to them that their children have the opportunity to obtain a good education, and they are willing to encumber themselves, as their students are willing, to borrow and later repay funds made available to them.

It is incumbent upon the federal government, as well as the states, to provide access to loan funds at a reasonable cost to the borrower so that the current educational access opportunities can continue and remain strong. A Penn State analysis of the 1984-85 sources of student assistance (see Attachment I) illustrates the portion of cost borne by the aid programs in relation to family contribution. Contrary to impressions conveyed by the Administration, families are carrying the major share of cost. The analysis indicates that Penn State families paid 65% of the aggregate cost of attendance. When loan (deferred work) and employment programs are considered, the family assumes 88% of the Penn State costs.

As you can see, students and their families are very willing to participate in the cost sharing approach to meeting educational expenses. I would emphasize the concept of cost sharing in the context of this reauthorization discussion because of the extremely significant role at Penn State which the GSL Program plays in the federal-state-institutional-family partnership. The focus, then, is clearly on the family; but the costs for many deserving students would be out of reach by any initiatives to further restrict access to the major aid programs, especially the GSL.

There are several important points that should be stressed by members of the financial aid community to this Sub-Committee about the program. There are also several recommendations that I would like to make for your thoughtful consideration during the hearings process. I respectfully request your attention to the following empirical findings, and my impressions and thoughts for the program's future direction.

Significant Issues Affecting the GSL Program

o Contrary to a recently released study by the U. S. Department of Education predicting what are being called soaring default rates, the cumulative dollar value of loans in default as a percentage of all loans in maturity has remained essentially stable for the past four years. The GSL initial default rate for Penn State borrowers is approximately 5% currently, with about 50% of those in default in "good standing". That is, about half of our defaulters are either making payments or have made "satisfactory arrangements" to repay their educational debt. Students at this institution take their loan responsibilities seriously and are worthy of the federal assistance. I am aware that Penn State's, and Pennsylvania's, default experience is not indicative of the experience of some institutions and states, however. (Information drawn from analysis performed by the Pennsylvania Higher Education Assistance Agency)

o GSL dollars are going to students who demonstrate need for these funds as evidenced by those students from families with incomes greater than $30,000 who continue to qualify for help in spite of the thorough need analysis standards required under the uniform methodology or the GSL Tables. Approximately 45% of Penn State's GSL recipient population come from such families.

o In our analyses of the GSL recipient group with family incomes less than $30,000, there is little evidence to support the notion that GSL dollars are flowing inappropriately to this population even though need analysis is not a requirement to establish eligibility. Recent analysis found that this population has an average financial need approaching $5,000, with the families' contributions averaging about $2,000. (At Penn State, the mean cost of attendance exceeds $7,000 per year.)

o In a recent study, Penn State students are not yet borrowing excessively, with class of 1984 resident borrowers having an average cumulative indebtedness of just over $7,000 for their undergraduate careers. Additional information on the current borrowing patterns of our students is included as Attachment II. However, with the shortfall of grant dollars in keeping pace with rising costs, we predict that an alarming increase in dependence on loans is inevitable for the average student. Severely encumbering future earnings is widely believed to be an unwise public policy for our college graduates. A balance of loan, grant, and employment opportunities is an appropriate stance during the reauthorization process.

- Aid policies which encourage students to persist in their programs of study by ensuring the availability of adequate funds to assist with educational costs will help reduce the default rate in the GSL Program. Recent findings suggest that defaults are most likely to occur from borrowers who spend only one year in school. It is argued that the employment and earnings potential for this group is lower, and relates to their ability to make loan payments.

Reauthorization Recommendations

Without diminishing the importance and effectiveness of the current GSL Program structure, I believe that there are several revisions and enhancements which should be considered at this time. The following recommendations may improve an already strong program.

- Increase the loan maximums as follows:

	Annual	Aggregate
Undergraduate	$3,000	$15,000
Graduate	$6,000	$30,000

- Establish a standard repayment period of up to fifteen years. Increase the minimum monthly payment to $75.00 for new borrowers. Also, establish guidelines for the development of flexible repayment terms which extend the repayment period on an income-sensitive basis at the discretion of the lenders. In such situations, perhaps a portion of the special allowance would be borne by the student borrower for those years in repayment beyond fifteen.

- Provide for loan consolidation options for all federal educational loan programs, extending repayment periods based on total indebtedness. Consolidated loans should bear a current rate of 9% - 10% interest. Allow for participation by all eligible entities, including state agencies, GSL lenders, and Sallie Mae.

- Eliminate, or at least reduce, the 5% origination fee.

- Reduce the long-term program costs by developing early loan retirement provisions with discounting options or reduced interest rates.

- Retain the current presumption of need for families with total incomes of $30,000 or less. There appears to be minimal potential savings realized in requiring need analysis for all while increasing an already unreasonable paperwork burden for families and institutions.

- Do not establish an income cap for participation in the program, but continue the requirement for establishing need through the uniform methodology for higher income families (above $75,000). Retain the GSL Tables for incomes between $30,000 and $75,000.

- Permit institutions to make multiple disbursements of GSL's based on academic periods allowing the institutions to earn interest on an escrow GSL account and retain proceeds as a much-needed administrative allowance.

- Encourage lender-of-last-resort programs which establish eligibility criteria not to exceed current federal guidelines.

- Expand the authority of the Department of Education to cooperate with other federal agencies in exchanging information for the purpose of collecting on defaulted loans. Applying federal income tax refunds to defaulted loans appears to be a significant step in collecting outstanding debt.

- Protect and encourage private lender involvement in the GSL by not instituting revisions to the interest and special allowance rates which would substantively reduce participation in the program.

- Allow an in-school deferment for half-time students for a period of at least two years to encourage nontraditional student populations to return to school to complete degrees or work on advanced degrees.

- Encourage the generation of loan capital through the use of tax exempt revenue bonds to complement the GSL Program. This activity in Pennsylvania appears to have significantly enhanced the stability of loan funds available to families who do not necessarily qualify for the federal GSL Program.

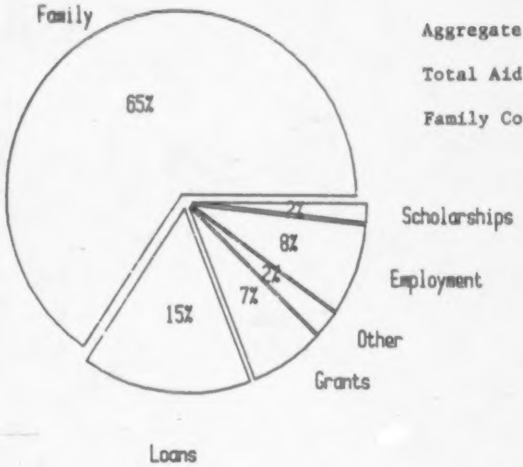
- Although verification of applicant-reported information is a necessary and important initiative, integrity in the GSL Program can be attained without the excessive paperwork burden required of families and institutions.

In closing, I wish to reemphasize that the GSL program is working well and should be continued. Initiatives should be taken to enhance the effectiveness of the program to be more responsive to the aid needs of current and future borrowers as we look to 1990 and beyond during this important reauthorization process.

Thank you, Mr. Chairman, for the opportunity to share these thoughts.

ATTACHMENT I

SOURCES OF STUDENT ASSISTANCE 1984-85



Aggregate Cost = $412,163,000

Total Aid = $143,018,000

Family Contribution = $269,145,000

ATTACHMENT II

LOAN INDEBTEDNESS STUDY*

Level of Cumulative Borrowing	PA Students	Non-PA Students
$2,500	13.6%	14.3%
$ 2,500 - $5,000	19.0%	11.6%
$ 5,001 - $7,500	21.8%	13.6%
$ 7,501 - $10,000	32.7%	27.9%
$10,001 - $12,500	8.8%	21.1%
$12,501	4.1%	11.5%
TOTAL	100.0%	100.0%

Average Cumulative Indebtedness	$ 7,135	$ 8,564
Highest Cumulative Debt	$14,972	$19,000

* 1984 Graduating Class - In-State and Out-of-State Baccalaureate Students

Senator QUAYLE. Thank you very much. I am going to ask the panel a couple of questions. First, I might just point out a troubling aspect that this committee is going to have to go through in a very short period of time, and that is to deal with budget reconciliation. The budget reconciliation, which has passed the Congress and now is law, forces this committee to come up with 800 million dollars' worth of savings over the next 3 years.

If you look at that on its face, that is a considerable amount of money, particularly from some of the testimony we have heard to possibly increase the cost of the loan and grant programs.

I wonder if you might give us some areas where we could find some savings. It is not something any of us wants to do. I think all of us would rather be here and say, well, we do not have to worry about budget deficits. The budget resolution would hopefully have said something else because we, most of the people on this subcommittee, want to see the access as much as anybody and freedom of choice better ingrained in all people.

But, unfortunately, the real world demands us to get down to brass tacks fairly soon and to come up with 800 million dollars' worth of savings. If you were over on this side, Sister Janice, where would you go to find those 800 million dollars' worth of savings?

Sister RYAN. Thank you for the opportunity, Senator. We always come with a uniform opinion for these kinds of things. I just said to Lattie I will let him go first on this.

Senator QUAYLE. All right.

Dr. COOR. You see how courteous we are in Vermont.

Senator QUAYLE. I can see you are a very well organized group. Senator Stafford has prepared you well.

Dr. COOR. Which, of course, suggests I now have an answer for you.

Senator QUAYLE. We need answers.

Dr. COOR. The cost of money has been the single greatest surprise in the overall cost of the student aid programs as I have seen them.

Senator QUAYLE. Interest rates?

Dr. COOR. Interest rates, repayment schedules, the extent to which the program itself has been used; 37 percent, I believe I have seen recently, of the total guaranteed student loan costs now are going into in effect paying for the costs of money.

I have not examined it with care, but I believe adjustments in repayment schedule, accelerating those repayment schedules where it is possible, as a member of our panel this morning suggested, even in ways that could provide incentives for that repayment schedule, would be the first place to look in terms of the actual cost of the program itself.

There is a very substantial amount of money involved in servicing the program, and if that servicing could be reduced even if it meant, and here I take my biggest gulp, sir, even if it meant altering the repayment interest rate now set at 8 percent, but doing it in such a way that there could be incentives for earlier repayment—I would urge that you start there. The magnitude of that I cannot offer to you without some further thought on my own part, but it is not that I avoid the heart of the program, how much money can be available to the individual students; it is my belief that the value of those aggregate programs has already been reduced enough simply due to inflation, that it would be far better for us to look at the management of the program.

I also would recommend a harder look at the repayment problem and the default problem. We are not the best group to ask that because I believe Vermont as a State has, if not the lowest default rate in the Nation, one of the very lowest.

What we have found within our own university, that substantially increasing the way in which we collect, including the very bracing step 18 months ago of going to collection agencies that make it clear from the beginning to the individual that it is a debt, it is a real debt, it is just like any other debt they might acquire, and then organizing ways in which we approach that itself could have some savings.

I believe, Mr. Chairman, though I do not have it before me, that the American Council on Education recently sent to the committee some suggestions about ways in which the program could be cut. I do not have that in my position, but I would recommend to you and the committee and to your staff that that would be worthy to pursue with Mr. Atwell and Mr. Saunders there.

Senator **Quayle**. What about across-the-board needs tests for all students? Is that possible from your perspective and something we might want to examine?

Dr. **Coor**. I support the needs test. I think one has to be very, very careful in making sure it is sensitive to the single parent and to the independent student who may have atypical features. But I find the needs tests, as opposed to caps, designed properly—an eligibility test is the way I would prefer to put it—perfectly acceptable and a sound way to go about our business.

Senator **Quayle**. Does anybody else want to offer up any ideas on savings?

Sister **Ryan**. I just want to commend Lattie on his good Vermont view. The governing principle there, Mr. Chairman, clearly is that the strategies used to find the money to pay the amount not come from the students themselves but from the administrative procedures. That is the unified view that we have.

Senator **Quayle**. That is going to be a lot of efficiencies in the management of the program because that is basically what we are talking about. I think it is a good target.

Dr. **Coor**. We certainly would welcome that.

Senator **Quayle**. You know, you have to include it. I am just hopeful that once we get down to writing this that we can in fact get it all out of the administration of the program. If we can get it from management and not have to get into the expected benefits, et cetera, it would be a lot easier. I can assure you that is a lot less difficult choice than if you have to examine the student benefits to meet our targets.

The other question I have concerns the article on the front page of the Washington Post this morning. To me, I have always thought that the Carnegie Foundation for the Advancement of Teaching to be a very reputable institution.

Dr. **Coor**. Yes; it is. The Carnegie Foundation is first rate. It has done some of the more important work on elementary and second.

Mr. Boyer, who is the president of the foundation, did the study on high schools, and Frank Newman himself is in that.

Senator **Quayle**. Let me just read a quote from the article and then ask you to comment on it.

It says:

> The current system of saddling students with huge loan debts upon graduation discourages them from entering low paying community service and public sector jobs. Excessive loans inadvertently undercut traditional values. Working one's way through college is a cherished American concept that conflicts head-on with go now, pay later.

That is a rather provocative statement and one that probably flies in the face of a lot of testimony that we have heard, not just today but in the past few weeks, and, as a matter of fact, even in my home State I have worked with our college and university presidents.

What is your reaction to this? Do you want to be in unison or do you want to take it separately.

Sister **Ryan**. We will take it separately.

Senator **Quayle**. OK.

Dr. **Coor**. I have not seen the text of the report itself. I know President Newman quite well, as does the Senator from Rhode Island. I have immense respect for his judgment and for the breadth of view he has. I would want to see the balance of the report in terms of the nature of the language elsewhere to get a sense of how the term "excessive" in terms of burden is used.

The report is directed toward fostering community service orientation for students. That is what the report's primary task was, not to examine the financial aid configuration of students themselves.

It is true, I am sure, that any individual who wishes to take a job, community service, public service, and otherwise, that does not have a high income faces a difficult decision as to how they can retire the debt obligations they have. That is an issue that requires specific treatment in and of itself in just the same way our attention to medical students serving in underserved areas where income limitations will make it difficult to repay their obligations have led us to other solutions like the U.S. Public Health Service and other sponsored ways of undertaking their tasks.

In the best of all worlds, none of us would like to see the level of debt a student has to undertake under the Guaranteed Student Loan Program. I do not believe it excessive. I do not believe the individual profiles of students we have seen to date is excessive. In fact, I would argue to you, as I commented earlier, that the actual size of that debt, softened by inflation since 1972, is lesser. I believe in its basic terms it is not an excessive debt. I believe, however, incentives for young men and women who wish to take lower paying jobs to which we attribute a higher value, teaching, community service, and others, ought to be candidates for ways in which we can excuse part of that debt itself.

Senator **Quayle**. Dr. Newman goes on; he suggests that perhaps the Federal Government curtail its massive loan program and make students perform community service work in exchange for financial aid.

Dr. **Coor**. I do not understand quite how that would pay for the bills that the individual student has to incur. Again, I——

Senator **Quayle**. Probably work as you go to school; I presume that is where they are coming from, that you will get financial aid conditioned on some community service job for the performance that you would be doing and you would be able to pay for it that way rather than a direct loan. I am just assuming from the newspaper article; it is an idea.

Dr. **Coor**. Seventy-seven percent of our Vermont residents receive financial aid. Virtually every one of those takes a loan. Virtually every one of those students as well takes a 15-hour-per-week work-study job. It is very difficult, in the exceptional student who is well organized and able to handle the academic work, to envision as a regular course students taking more than a 15 hour paying job and still meet their other obligations.

Our configuration is such that the loan is in addition to that job.

Senator **Quayle**. Sister Janice, do you want to comment on this report?

Sister **Ryan**. I cannot resist doing so, Mr. Chairman, apparently because I have just spent a week with Frank Newman. We had a common goal, and I am also a member of the group that will be meeting in Boston on October 22 to come out with the final product, if you will.

We all know that every headline usually has to get down to three if not four words. I notice this one had four. And we know the correlation between the heart of whatever the message is and the headlines sometimes match better than others. Based on the conversations that I have had with Frank as recently as a month ago, I was a little surprised to see how the headline came out.

I do not have the complete draft yet. I do want to say that the focus, as I had experienced thus far, was clearly on education for citizenship, a component of which is community service. I would hate to see that lost in all of this discussion, feeling very strongly about that, and would add by way of footnote that the education for citizenship also backs into something else, which is what is a college degree worth, is college worth it, and should one have choice? I think that the benefits of the article in the paper today may further sharpen our ability to discuss what the bottom lines are relative to indebtedness while at the same time looking at those other variables that, A, are not in today's article, but that we all know are important factors. The institution that I come from, we have 33 percent who in fact will be certified to teach. So I know a lot about that area relatively to salaries, relative to the debt they owe when they walk across the stage.

And I certainly know that the competition for these graduates as they go across the stage is by no means limited to what they have to pay off on that loan. I think Lattie could speak as effectively to it at the University of Vermont, particularly in the areas of math and science.

An additional remark there is then the correlation between that and the status accorded these professions; so I see triplets that are just societal circumstances in 1985. And the triplets in this case must remain. I do not know what the triplet word for Siamese is. But they are wedded together or wed together and cannot be separated, in my judgment.

That, however, should not pull us off track, by keeping that focus on the education for citizenship, the underpinnings of democracy, and opportunities for community service. And I would simply close the comment from where I sit is that whereas we used to have a coordinator for volunteer programs, that coordinator now has—we have changed her job function to finding the second jobs for our students so that they have the work-study usually up to 15 hours, and when they have another at least 15-hour non-work-study position. And those are the facts in 1985 among our more needy students.

Senator **Quayle**. Well, we all look forward to digesting this report. Certainly, at first blush it appears interesting and particularly from its origins, the Carnegie Foundation has always been a very well respected and a strong supporter not only of the citizenship aspect, but the whole higher education community. So it will certainly stimulate debate and discussion. That is what we want. The competition of ideas certainly never hurt anybody.

Senator Pell.

Senator **Pell**. Thank you very much, Mr. Chairman. I too look forward to reading the full text of Frank Newman's report. I remember his report of about 15 years ago on the state of higher education and the stir that caused. It seems to me this will probably cause a similar stir.

Somewhere in the recesses of my very bad memory, I recall a proposal that a student could make up his mind either to pay for his education himself, his family pay for it, or get it for free in return for a commitment that maybe one-tenth of 1 percent of his income, net income after taxes, for the rest of his life would be used to pay it back. This would have the advantage of not discouraging people from going into social services and Government service, service occupations where the pay is low but the spiritual reward is high.

I was wondering if you could refresh my memory of whose proposal that was. I think it came out of——

Dr. **Coor**. That was President Silber at Boston University that made that proposal, and it did occasion a fair amount of debate. The major argument against it—and I associated myself with that argument—is that by itself it would relieve parents totally of their obligation to finance the individual; that in effect there was no way legally of protecting against a generational transfer of the obligation for education; that those families who could, under current regulations, should carry as much burden as the parental contribution would require.

Senator **Pell**. What is wrong with that?

Dr. **Coor**. It seems to me we have two fundamental proposals that have undergirded the financing of education to date: First, that the public support elementary and secondary education through a form of taxation and appropriation that meets the total cost; and the second, that the family and the individual carry the cost of the second, partly of course attenuated where there are State appropriations for public institutions; but that the burden was a family's obligation.

I think that is a worthy principle. Even as the burden has grown upon the individual student, it has become a shared responsibility.

To detach, in one fell swoop, that family obligation I think is simply wrong in concept philosophically and wrong in terms of the way the policy itself has emerged over time.

Senator PELL. Of course my own hope, and that was the background, I guess, of the Pell grants, is that there really should be a difference in the financing of general education and higher education.

Dr. COOR. Yes.

Senator PELL. As long as we have this rather artificial, arbitrary view, it would seem to me this was a pretty ingenious way of doing it. I am not sure I agree with you that the family should have that responsibility. In the first place, about a third of the families now are single parent, and this would not be a very hard burden. You could figure out the percentage. One percent could be too much; it would probably be half of 1 percent or a quarter of 1 percent. It would seem to me that Lee Iaccoca would pay rather a large amount. You might pay a relatively small amount and the clergy or the sister would pay a great deal less. That is the way it should be.

Dr. COOR. Senator, not only would the family's obligation be altered, but the obligation that all of the rest of us with a public responsibility have vested would be as well. The tuition at the University of Vermont for a State resident is $2,850 this year. The tuition in many of the States in the Southwest where there is a tradition of very substantial State appropriation is as low as $300 to $400 a year.

Our tuition is that high because the resources of the State are limited, a poor State, low per capita income, other obligations. The reason of this carefully crafted architecture of the Federal commitment to financial aid, of which you were a pioneer with the Pell grants and the related structure was to help equilibrate that balance a bit and also to equilibrate the balance between the publicly supported institution and the independent institution that Sister Janice represents with a funding scheme that abruptly changes from full public funding up through grade 12 to full individual funding to be paid out over a lifetime beyond that; the Federal commitment which is required to make this system work and the State commitment, I believe, in time would all give way to what is in effect the private university commitment.

I do not want to overstate the consequences, but we are looking at trends that I think would be quite significant. Those obligations are too precious for us all to see them altered simply by the question of who benefits and who pays with the individual being the one who pays, whereas he or she plus society benefits.

Senator PELL. Do either Sister Janice or Mr. Boyd have anything to add? What do you think should be the proper mix between loan and grant? Should it be 75-percent grant and 25-percent loan, 50-50, 25-75? What would be your view?

Dr. COOR. I prefer the initial concept, which was about 75-25, and while I recognize the difficulties of financing that, the very problem that Senator Quayle has put before us this morning in terms of the cost of the grant as a part of the Federal Government that makes it difficult, the original concept as it was perfected when the first Pell grant, supplemental grant balance was achieved, if one could pick an optimum moment, say, around 1975, is the best balance because the value of the total Federal package as a percentage of the total cost was in a healthier balance and the balance of grant and loan was in a healthier balance.

Sister **Ryan**. If I could just reinforce that, Senator Pell, particularly from the perspective of a president who serves a number of women, a number of older single parent women, a president who's very active in the Women's College Coalition of this Nation; it is abundantly clear to me that the short term, meaning this ability to obtain the funds, as were originally envisioned in 1965 and 1972 and as close as we could approximate that, that short-term benefit will have such a long-term result in the earning power of this growing group of earners, women.

As you know, the figures on the working woman force consistently go up. At the same time we know where their entry level is. I think that is extremely important. I share your concern with the single parent. Certainly the national statistics are very vivid about that. It is very clear to me that many of our students do not wish to be welfare recipients and that this all is embedded in that.

And then last and perhaps most important, I view this as part of our Nation's defense budget and to view it differently, irrespective of party, would be folly.

Senator **Pell**. Mr. Boyd.

Mr. **Boyd**. Thank you, Senator. I would add that in your appropriate mix question we are very concerned, as the other members of the panel here, about the growing dependence on borrowing. Our students are working, and I believe that should be included in this question of cost sharing. We should be talking about the grant, loan, and employment programs in the appropriate balance.

I would not know a percentage to offer you, sir, but we now see that the balance is heavily tilted toward borrowing, and students as a result are working to a great extent.

Senator **Pell**. Thank you very much. Thank you very much, Mr. Chairman, and I congratulate you on the bill that will help the deficit as much as it could.

Senator **Quayle**. We have made some progress on the default payments.

Senator **Pell**. The bill that says the information concerning deadbeatism or whatever it is called, default, should be made available to the credit bureaus. This is a very simple device because if a youngster applies for a credit card, we assume he is able to pay it back. And if he does not apply, he is probably not in such a position. It is the utilization and harnessing of private industry.

Senator **Quayle**. Thank you, Senator Pell. I want to thank the panel and particularly the two witnesses from Vermont. I know Senator Stafford is very proud of both of you and the accomplishments that you have made at your respective universities. Again, I know you understand his disappointment at not being here, but you lived up to his expectations and I will be glad to share the information with him and I am sure he will read the record as well. Thank you very much.

Dr. **Coor**. Thank you.

Senator **Quayle**. The next panel is Mr. Dan Lawlor, Mr. Rudolph Rhodes, and Ms. Helen Summerville. First on my list is Mr. Dan

Lawlor. He is a student at Georgetown University. Mr. Lawlor, welcome. You have 5 minutes to summarize your statement. Your full statement will be inserted in the record. Go ahead Mr. Lawlor.

STATEMENTS OF DAN LAWLOR, STUDENT, GEORGETOWN UNIVERSITY, WASHINGTON, DC; AND HELEN SUMMERVILLE, PARENT, LOVERVILLE, MD

Mr. LAWLOR. Mr. Chairman and members of the subcommittee, my name is Danny Lawlor. I have just begun my sophomore year at Georgetown University School of Medicine. I appreciate the opportunity to appear here today before you to discuss the reauthorization of the Higher Education Act.

I appear here today with grave concerns about the adequacy of student assistance programs if the Reagan administration's proposals are accepted. Health profession students just desperately need title IV assistance, and I am here today to support specifically the Guaranteed Student Loan Program and associated programs upon which medical students are extremely dependent.

I oppose the stricter family income limits and tying the GSL and PLUS/ALAS Programs to the interest rates of borrowers to T-bill rates. I urge instead that this committee push for a needs based criteria. This method of assigning moneys, in my mind, is surely the fairest and the most equitable of all.

I personally have borrowed approximately $18,000 from the program and without the continued availability of GSL I will have great difficulty continuing my studies. I am very grateful to the program, and it has greatly assisted me in obtaining my education.

I am 30 years old; I am the oldest child of a family of eight children. After high school, I attended the University of Kentucky for 1 year but was forced to withdraw due to financial considerations. I entered the work force for the following 6 years. My father died from alcoholism in 1981. For the last 10 years of his life he was severely incapacitated due to this crippling illness. For a long period my family scraped by financially.

I moved home in 1979 to give a hand to my mother and to offer emotional and meager financial support. In 1980 I enrolled at a junior college in Illinois. After 2½ years I transferred to Georgetown and completed my undergraduate degree there in 1984.

I entered Georgetown Medical School last year and have just completed my first year there in June. In part, due to my father's condition, the expense of a higher education, I am the only one of the eight children who has completed his undergraduate degree and obviously the only one who has continued on in professional education.

In short, I have been very, very, very lucky. My mother, who is now a widow, currently supports three children, two of whom are disabled. Her total gross income for 1984 was $20,965. I have not obtained any financial support from my family for the past 10 years. My medical school expects me to come up with approximately $4,000 in personal resources for this year alone. Clearly, I have had to rely heavily on the GSL loan and other loan programs like ALAS and HEAL. I will continue to borrow the maximum amount possible, $5,000 a year, until my aggregate limit is used up.

Although the administration said medical schools, and Georgetown is no exception, discourage us from working due to the 40-hour class week schedule, I have been forced to seek employment. Although I am 30 years old, I have chosen to live in the dormitory as a resident director to save money.

May I state that I have not purchased a stereo, a Florida vacation, or any cars either.

I am sure that my heavy expenses for medical education are shared by more than one-third of the medical students attending private medical schools in this country. I am very aware of the obligation which my indebtedness entails. I expect to repay all my loans and I have participated in the debt management program which my school offers.

Mr. Chairman and members of the subcommittee, my story is not atypical. There are scores of students in this country with bleaker financial backgrounds than mine. I have talked to many of my peers and they are serious about their chosen careers and very serious about the resulting obligations. I am not the only medical student working in the dormitory this year. I am not the only one using a bicycle for primary transportation, and I am not the only student who will be harmed by cuts in student financial aid.

Since coming to Washington, I have been fortunate to have had the opportunity to work in the inner city; specifically at the Luther Place Shelter for Homeless Women and at the Zaccheus Medical Clinic, a free medical clinic offering assistance to the people in our city who cannot afford private care.

Those experiences have exposed the myth in my eyes that this country is experiencing a glut of physicians. That glut may exist in Potomac, MD, but it does not exist on 14th Street, downtown Washington.

I do not think I have to tell this committee that if the Reagan proposals are approved, it will no doubt mean that the good people of Potomac will continue to receive the best of medical care. As for the citizens on 14th Street, I am a little less optimistic.

It seems as if the President would eliminate all avenues for all but the wealthiest of medical students to finance their education. Under his proposal, many minority and low-income students will never even consider trying to become a doctor. Only the availability of manageable financing mechanisms will prevent a decline in their numbers. I implore you to support retention of funding and reasonable provisions for the programs named above. As a future physician, I care very, very much about the health care needs of this country, and at this point in my life I need the Government's assistance in obtaining my education.

Again, Mr. Chairman and members of the subcommittee, thanks for the opportunity to tell my story. I would be glad to answer any questions you have.

[The prepared statement of Mr. Lawlor follows:]

TESTIMONY OF DAN LAWLOR

BEFORE THE SENATE SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES OF THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES,

SEPTEMBER 17, 1985

Mr. Chairman, Members of the Subcommittee:

My name is Dan Lawlor and I have just begun my sophomore year at Georgetown University School of Medicine. I appreciate the opportunity to appear before you to discuss the reauthorization of the Higher Education Act.

I appear here today with grave concerns about the adequacy of student assistance programs if the Reagan Administration's recommendations are accepted. The 98th Congress reauthorized the Public Health Service Act's Title VII health professions training assistance programs, including Health Professions Student Loans, Exceptional Financial Need Scholarships, National Health Service Corps Scholarships and Health Education Assistance Loans (HEAL). President Reagan vetoed this legislation and now with his FY '86 budget proposes no funds for the first three of the above litany of programs. Attempts are being made to phase-out the last program, the HEAL loan program, a program for which the Federal government provides no outlays.

Health professions students desperately need Title IV assistance, and I am here today to support specifically the Guaranteed Student loan program and associated programs on which medical students are extremely dependent. I oppose the stricter family income limits and tying the GSL and PLUS/ALAS interest rates of borrowers to T-Bill rates. I urge, instead, that this committee push for "needs-based" criteria. This method of assigning monies is surely the fairest and most equitable for all.

The GSL program represents the most widely used program of medical students in the country. According to the American Association of Medical Colleges (AAMC), 60 percent of all medical students borrow from this program and GSL provides approximately 40 percent of dollars received by all sources of financial aid, including military scholarships. The current $5,000 a year borrowing offered by this program is essential for many of us to meet the financial expense of a medical education.

I personally have borrowed approximately $18,000 from this program and without the continued availability of GSL, I will have great difficulty completing my studies. I am very grateful to the GSL program as it has greatly assisted me in obtaining my education.

I would like to add, however, that annual and aggregate loan limits under the GSL program have remained constant for several years while costs of financing post-secondary education have continued to rise. Modest increases in loan limits along with increases in grant and work programs would greatly assist needy students in assuring access to and a choice of their desired educational programs. It is also important that loan consolidations with graduated repayment be permitted as this will allow me to enter a primary care practice with the expectation of managing my debt repayment.

I am 30 years old. I am the oldest child of a family of eight children. After high school, I attended the University of Kentucky for one year but was forced to withdraw because of financial considerations. I entered the work force for the following six years. My father died from alcoholism in 1981. For the last ten years of his life he was severely incapacitated due to this crippling illness, and for a long period my family scraped by financially. I moved home in 1979 to give a hand to my mother and to offer emotional and meager financial support to my family. In 1980, I enrolled at a junior college in Illinois. After two and one half years I transferred to Georgetown University and completed my undergraduate degree in 1984. I entered Georgetown Medical School last year and have just completed my first year there. In part due to my father's condition and the expense of secondary education, I am the only one of eight children who has completed a college education. I have been very fortunate.

My mother, now a widow, currently supports three children, two of whom are disabled. Her total gross income for 1984 was $20,965. I have not obtained any financial support from my family for the past ten years. My medical school expects me to come up with $4,000 in personal resources for this year. Clearly, I have had to rely heavily on the GSL loan and other loan programs like ALAS and HEAL. I will continue to borrow the maximum amount possible - $5,000 a year - until my aggregate limit is used up. Although the administrations at medical schools (and Georgetown is no exception) discourage us from working due to the 40-hour class week of a medical education, I really have had no choice but to seek employment. Although I am thirty years old, I have chosen to live in a dormitory as a resident director to save money. May I state that I have not purchased a stereo, a Florida vacation, or any automobiles either. I am sure that my heavy expenses for a medical education are shared by the more than one third of medical students attending private medical schools in the U.S.

I am very aware of the obligation which my indebtedness entails. I expect to repay all my loans, and I have participated in the debt management program which my school offers.

Mr. Chairman and Members of the Subcommittee, my story is not atypical. There are scores of students in this country with bleaker financial backgrounds than mine. I have talked to many of my peers and they are serious about their chosen careers, and very serious about the resulting obligations. I am not the only medical student working in a dormitory this year, I am not the only student using a bicycle as primary transportation this year, and I am not the only student who would be harmed by cuts in student financial aid.

Since coming to Washington, I have been fortunate to have had the opportunity to work in our inner city at the Luther Place Shelter for Homeless Women and at the Zaccheus Medical Clinic, a free medical clinic offering assistance to people in our city who cannot afford private care. That experiences has exposed the myth, in my eyes, that this country is creating a glut of physicians. That "glut" may exist in Potomac, Maryland but it certainly does not exist on 14th Street downtown D.C. I do not think I have to tell this committee that if the Reagan proposals are approved it will no doubt mean that the good people of Potomac will continue to receive the best of medical care. As for the citizens on 14th Street, I am less optimistic.

It seems as if the President would eliminate avenues for all but the wealthiest of medical students to finance their education. Under his proposal, many minority and low income students will never even consider trying to become a doctor. Only the availability of manageable financing mechanisms will prevent a decline in their numbers. I implore you to support retention of funding and reasonable provisions for the programs named above. As a future physician, I care very much about the health care needs of this country. At this point in my life, I need the government's assistance in obtaining my education.

Again Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to tell my story. I will be happy to answer any questions you might have.

Senator **Quayle**. Thank you very much. You were right on the 5-minute mark. Congratulations.

Next is Ms. Helen Summerville, who is a parent from Loverville, MD. Ms. Summerville.

Ms. **Summerville**. Yes. Senator Quayle and committee, I appreciate the opportunity to be here. I am here on behalf of the GSL Program. I am the mother of nine children. Of those nine, seven have attended college. For the last school year I had four at the University of Maryland. One graduated in May. At the present I have three, and my youngest is now a freshman at a local high school.

My husband has worked for the State ever since we have been married, and he retired 2 years ago. His salary at retirement was $17,000; his income now is $10,000. I work, not because I wanted to. I would much rather to have been at home to raise my children like I think a mother should do. But because of the number of children that we had and the salary that my husband was making, if we wanted our children to have an education and to have a better life than we had, then it was urgent that I go out to work.

My salary at present is $16,000, which was effective July 1 of this year. Last year, it was $14,000. Without the GSL Program, the Pell grants, the State scholarships, there is no way the children could have gone to college. As much as we could do with the salaries between my husband and I was to put a roof over their heads, clothes on their back, and food on the table.

Our children have never been fortunate enough to take a vacation. My oldest son does have a car which is probably 8 or 10 years old. I do not even know. I know that he got it from some neighbor and everything that needed to be done to it he did himself with the help of my husband, who is a sort of jack of all trades. He can do a lot of things, especially when it comes to working on automobiles.

Now, he does use that car; sometimes on weekends the local department of recreation and parks will hire him to come home and coach basketball or little league or some of the groups around. So he does have a car if he wants to come home for other reasons. But as far as vacations and these powerful stereos and all of the things that I heard the President speak of, that is out of the question for our children.

And without this program, it would have been impossible for them to even consider going to college. And this is not just my children; I know lots of families who are in the same situation, and it may seem not possible to some, but they are in worse situations than I am in. And if their children want to go to college, it is impossible without the GSL Program or any of the other available means that they may have to borrow money.

So I would really hate to see this program cut. I would really hate to see it dropped. I know what it would mean to my family, and I know what it would mean to others who are in the same category, who are in the same situation. So I would like to say on behalf of my family and on behalf of other families who are in this same situation that this committee would really take a good look at the program and do what they can to keep it going. Otherwise, some may possibly look to welfare, and I would rather not see that happen.

I have never used welfare. I would really hate to see my children in a position where they would have to go to welfare in order to support themselves or their families if later on in life they have families, and I expect that they will.

So I would really like to see the committee to do what it can to keep the program going.

Senator **Quayle**. thank you very much, Ms. Summerville. Mr. Lawlor, in your statement you have a quote at the bottom of page 3, that:

> I am aware of the obligation my indebtedness entails. I expect to repay all my loans, and I have participated in the debt management program which my school offers.

Could you describe that debt management program and how you are utilizing it.

Mr. **Lawlor**. Semiannually Georgetown offers through the office of student financial planning both in the form of a computer program and in personal counseling an update, a proposal that one of the presidents of the Vermont colleges had mentioned, and that is to sit down and assess if in fact the debt were to end today for some reason and our education were to stop, exactly what that would mean in terms of participating in the repayment of that debt over the long haul.

For instance, last semester when I went into the office, I discovered I am currently in debt up to $35,000. We discussed at that time the interest rates on the various loans that I have borrowed, what amounts are left in terms of the GSL Program where, for instance, I will still be allowed to borrow continuing funds and in fact what it means in terms of monthly payments of various different repayment plans.

So it has given me a chance to think about what this decision to borrow money means to me over the long haul. My debt at the end of the 4 years, as we look at it right now, it is going to be in excess of $100,000. It means some serious lifestyle choices that I have had to make prior to my decision to accept the offer to attend Georgetown University. It is useful for me now to start to contemplate how I am going to repay that obligation and balance that against the kind of work I would like to do. It has been a useful exercise; it is a mandatory exercise, and I think it is in an effort to inform students exactly what this borrowing means.

Senator **Quayle**. Well, I think it is a useful exercise as well. Is this required consultation or you were just interested in where you stood in total debt? Or do all the students that, say, reach a certain level of indebtedness, do the financial counselors call them in and talk to them, or is it on a voluntary basis?

Mr. **Lawlor**. It is both obligated and voluntary. In other words, there is an obligation to visit the office at least once annually to find out what the debt is today and what it means in terms of repayment. But in addition to that, the school also offers some additional programs on beginning to understand other avenues for repaying the obligation, how to use the tax system, how to negotiate it over the long haul.

For instance, in my case, I am interested in participating in a long haul repayment so that I could consider the possibility of taking a lower paying job. This is something that we have explored in that office, and I have begun to understand today what $135,000 is going to mean 4 years from now when I start looking at residency opportunities and job oportunities following residency.

Senator QUAYLE. Senator Pell.

Senator PELL. Thank you very much, Mr. Chairman. I was much touched by Ms. Summerville's testimony. It is not only difficult; it must be a miracle, bringing up your children as you do, clothe them, feed them, educate them with the money that you have.

I am asking Mr. Lawlor a question in connection with his debt. When you finish medical school, what do you estimate that your debt will be?

Mr. LAWLOR. The sum of my debt to date, Senator Pell, it looks to hover around $120,000 to $135,000.

Senator PELL. How much?

Mr. LAWLOR. Approximately $120,000 to $135,000. I want to mention, though, that that doesn't tell the whole story. A majority of that indebtedness will be borrowed from the HEAL Loan Program, which you are probably familiar with, the health education loan assistance. It is a high interest loan program not subsidized by the Government, guaranteed by the Government, in which I had to borrow last year approximately $20,000 and $10,000 this year so far. It looks like that may be the limit this year, fortunately because of my new job.

What that means over the long haul, of course, is that high interest rates continue to accrue. They are not deferrable. I am not in a position to make interest payments nor is my family. You know, that $135,000 will be half million dollars over the long haul.

Senator PELL. As I understand it, you said you will have maybe $135,000 in debt.

Mr. LAWLOR. Approximately, yes.

Senator PELL. Between $100,000 to $135,000.

Mr. LAWLOR. $120,000 to $135,000. It includes my undergraduate debt. My medical school debt will be over $100,000. So I have taken out my first mortgage.

Senator PELL. Is there any obligation on your part to carry a life insurance policy in case you get run over by an automobile or anything?

Mr. LAWLOR. In fact, we do pay a significant insurance fee. It is part of the loan program.

Senator PELL. And of your university mates, how many of them would you say had equivalent loans? Half, a quarter, a tenth?

Mr. LAWLOR. I would rather respond in writing. I think approximately 50 percent currently participate in the program to some extent. For some reason, I think that is conservative, but I will be safe and say approximately 50 percent participate in the HEAL Loan Program, which is the final straw at Georgetown because of the high interest rates.

Senator PELL. Thank you very much. I am shocked by those figures, but I appreciate hearing them. Thank you.

Senator QUAYLE. Thank you, Senator Pell. I want to thank both of our witnesses for giving us their personal testimony on how the loan programs affect their lives. I congratulate both of you, Ms. Summerville as a parent, and Mr. Lawlor as a student. It shows that these programs in fact get out and touch and help people. I think we always have to be mindful of this from time to time.

I would like to make an administrative announcement. This afternoon, because of the floor schedule, the hearings that were to take place will not be held. We have back-to-back votes beginning at 2 o'clock which probably will not conclude until around 4 or 4:30. Therefore, the 2 o'clock hearing has been canceled. Those that are interested in submitting testimony and perhaps discussing the issues with staff are more than welcome to. We apologize for that, but the Senate schedule has priority.

[Additional material supplied for the record follows:]

NATIONAL ASSOCIATION of HEALTH CAREER SCHOOLS
ADMINISTRATIVE OFFICE: 10118 EMPYREAN WAY, SUITE 103 · CENTURY CITY, CA 90067 · (213) 553-8626

September 17, 1985

DRAFT

The Honorable Robert T. Stafford
Chairman, Subcommittee on Education,
Arts and the Humanities
625 Senate Hart Office Building
Washington, D.C. 20510

Dear Mr. Chairman and Members of the Subcommittee:

We appreciate this opportunity to suggest an amendment to the Higher Education Act Title IV College Work-Study program which, without increased cost, would provide expanded access for allied health students in universities, colleges, and vocational schools to off-campus employment in hospitals, skilled nursing facilities, or home health agencies as those terms are presently defined in 42 U.S.C. §1395x.

The National Association of Health Career Schools (NAHCS) is an organization of institutions offering one or more allied health education programs. We have joined together to promote the better utilization of allied health workers by physicians, dentists, hospitals, laboratories, and clinics. We also are concerned that state and federal regulations affecting allied health workers shall be fair and shall recognize the contributions of our graduates to the nation's health care.

In a non-statutory sense, the term "allied health" covers almost every member of the medical and dental world except the physician and dentist. Over the years, the numbers of allied health personnel that work with doctors have risen from a ratio of 1.5 for each doctor to as much as seven or eight. So you can see that there are many opportunities in this large field. In fact, health care is one of the fastest growing sectors of the American economy.

SUGGESTED AMENDMENT

NAHCS would suggest for the Subcommittee's consideration that Sec. 443(b)(1) be amended by inserting after the word "organization" and before the word "under" the phrase "or a hospital, skilled nursing facility, or home health agency as those terms are defined in 42 U.S.C. §1395x".

We suggest it is a matter of drafting judgment whether or not further amendment to Sec. 443(b)(1) is necessary by inserting the words "or health care provider" or "or institution" after the words "such agency or organization" and before the word "and".

DRAFT

EXPLANATION

Approximately 44 percent of the contractual clinical education opportunities in hospitals and other providers have already experienced a direct, negative impact because of the implementation of the Prospective Payment System (PPS) of Medicare-Medicaid programs, according to the Committee on Allied Health Education (CAHEA) of the American Medical Association (AMA) in its report of January, 1985. Not all hospitals and nursing homes in the Medicare-Medicaid programs are nonprofit organizations.

This amendment would permit for off-campus employment in the public interest only in this narrow, defined by statute, range of Medicare-Medicaid "providers." This could make up for the increasing lack of accessibility to clinical experience for allied health students. CAHEA suggests that the PPS will trigger a reduction or narrowed clinical laboratory training opportunities, and many program directors foresee the necessity of having to plan more emphasis on didactic labs and simulation, and less on clinical experience.

We believe that this expansion of off-campus employment opportunities in all Medicare-Medicaid hospitals and nursing homes for all students eligible for the College Work-Study program would enhance the educational effectiveness of the program at no additional budget expense.

Respectfully submitted,

Melvyn E. Weiner, President
National Association of
Health Career Schools

Eastern Technical School
85 Fifth Avenue
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MES/RAF/csd

American Student Dental Association 211 East Chicago Avenue/Chicago, Illinois 60611/312.440.2795

Statement of
The American Student Dental Association
on
Reauthorization of the Higher Education Act
Guaranteed Student Loan Program
United States Senate
Subcommittee on Education, Arts and Humanities
Committee on Labor and Human Resources
October 3, 1985

Dear Mr. Chairman and members of the Subcommittee:

The American Student Dental Association (ASDA) represents over 17,000 dental students from all 60 United States dental schools. We welcome the opportunity to submit our views on the Reauthorization of the Higher Education Act, specifically the Guaranteed Student Loan Program (GSLP). We recommend that the GSL borrowing limit for graduate and professional students be increased to $8,000 a year, with a combined undergraduate and graduate borrowing limit of $40,000. This maximum would not include a subcap for graduate borrowing. We also recommend that the origination and insurance fees be eliminated, and further urge that loan consolidation and extended repayment period provisions for highly indebted borrowers be restored.

In 1983-84, the yearly cost of attending dental school, exclusive of living expenses, averaged nearly $10,000 for in-state residents, and over $15,000 for students attending private dental schools. Last year, 45 percent of all dental school graduates were from private schools. Professional students currently may borrow $5,000 per year under the GSL program; many students must rely on high-interest market-rate loans such as HEAL to satisfy the balance. Indeed, in 1984, the average dental school graduate owed $35,000, $10,000 of which was for high-interest market-rate loans. If the GSL borrowing limit for professional students is not increased, the ever-increasing cost of education will create a much larger high-interest debt for these students. Another result will be increased difficulty for students from low- and middle-income families to gain access to a professional education. These results would be most undesirable.

To help remedy this situation, we recommend that GSL borrowing limits for graduate and professional students be increased to $8,000 a year, with a $40,000 maximum limit for combined undergraduate and graduate GSLs. ASDA does not support the $25,000 subcap recommended by the American Council on Education. Eliminating this subcap would enable an undergraduate student who anticipates a graduate or professional education to borrow less as an undergraduate, reserving up to $8,000 per year for graduate or professional studies. Imposing a $25,000 subcap would create an effective professional student borrowing limit of $6,250 per year. This would counteract the effects of increasing the borrowing limit to $8,000 per year for graduate and professional students.

Since 1981, a five percent origination fee has been deducted from the proceeds of each GSL at the time of disbursement. This origination fee was included in the 1981 Omnibus Reconciliation Act, and was intended as a temporary measure to decrease the deficit. This decision was not reviewed by any educational committee. The unfair effect of this fee is to increase the cost of the loan to the student over the life of the loan. Furthermore, the insurance fee charged by some states is of questionable validity. The federal government has reimbursed state agencies for nearly 100% of loans in default. The need for both of these fees should be reviewed closely, and these fees should be eliminated if possible.

To help dental and other professional students with their indebtedness, loan consolidation and extended repayment periods are essential. The beneficial effect of this program would be to decrease even further the already low default rate for graduate and professional loans. While the specific default rate for dental graduates under the GSL Program is unavailable, we do know that the default rate for all health professionals under the HEAL Program is slightly above five percent, and the default rate for dental graduates under the Health Professions Student Loan Program is under five percent. The main reason for the existing default rate is the inability of recent graduates to meet the repayment terms in the early years of practice. A loan consolidation and extended repayment plan would help dental graduates meet their loan obligations.

In conclusion, an increase in the GSLP borrowing limit for graduate and professional students, along with the elimination of origination and insurance fees and the restoration of loan consolidation and extended repayment programs, are both needed and beneficial. The American Student Dental Association thanks you for your consideration.

American
Dental
Association

ADA

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Suite 1200
Washington, D.C. 20005
(202) 898-2400

November 8, 1985

The Honorable Robert T. Stafford
Chairman, Subcommittee on Education, Arts
and Humanities
Committee on Labor and Human Resources
625 Hart Senate Office Building
Washington, D.C. 20510

Dear Chairman Stafford:

The American Dental Association appreciates the opportunity to provide comments and recommendations on what we believe are important provisions that should be included in the reauthorization of the Higher Education Act. Continuation of student financial aid is vital for the dental profession to be able to attract qualified men and women dedicated to improving the dental health of the nation. Our position is prompted by the high cost of dental education, the impact of this cost on graduate indebtedness and the changing socio-economic profile of dental students.

The cost of graduate and professional education has increased dramatically in recent years. Nowhere is this trend more evident than in dental schools, where the average tuition has risen more than 250 percent in the past decade, partially as a result of the loss of federal assistance programs. Today, the average first year cost to the dental student, exclusive of living expenses, is over $10,000. The four year costs can easily exceed $40,000 and is as high as $77,000 at some institutions.

An immediate consequence of this high cost of attending dental school is the escalating debt burden of recent graduates. Current data indicate that a sizeable majority of dental students are forced to rely on loans to finance their education. In 1978, graduating dental students reported total educational debts averaging $12,700. By 1984 this amount had risen to $32,000. It is not unusual for students at private schools to incur debt exceeding $50,000. Equally disturbing is the sharp increase in the percentage of students who have exhausted available loans under the GSL and NDSL programs and must turn to high interest, market rate loans. In 1979, 5.8 percent of senior dental students reported borrowing these "loans of last resort." The figure reached 25.6 percent for 1984 dental graduates.

There is a legitimate concern, we believe, that these highly indebted graduates will not have the financial ability to repay loans of this magnitude during the early years of dental practice. A recent ADA Survey of Dental Practice indicates that a student who graduated in 1981 had a median net income of $27,000 during the first year of practice. With the additional cost burden of establishing a practice, in this case $90-100,000, it is possible that graduates could anticipate several years of practice with virtually no discretionary income after taxes and loan repayment.

A second consequence of this rapidly increasing cost of education is the changing socio-economic profile of the dental student body. In 1978, 37 percent of senior dental students were from families with annual incomes below $20,000. By 1984 this figure had decreased to 16 percent. Conversely, the same study reflects a significant increase in the number of students from higher income families. The percentage of senior students from families with incomes greater than $40,000 was 22 percent in 1978. By 1984 this level had almost doubled, to 40 percent. If the current trend continues, a dental degree may be affordable only by the rich. Some of the country's academically gifted students could be shut out of the opportunity to become dentists.

Reauthorization of the Higher Education Act is essential for the education of future dental health practitioners. Provisions to address the debt problem faced by graduate and professional students should be included. An increase in the GSL annual borrowing limit to $8,000 and the cumulative limit to at least $40,000 for both graduate and undergraduate borrowing would lessen the tremendous debt burden facing dental graduates. Students would not have to rely so heavily on high interest loans and could structure a more manageable debt.

Restoration of loan consolidation programs is another way to help highly indebted graduates. Loan consolidation enables the borrower to bring together a variety of loans so that realistic repayment terms can be created. Such a program would prove very beneficial to students who have incurred large debt burdens and have utilized a variety of loan sources. Finally, extension of the repayment period for those with large student loans would ease the debt burden and help decrease further the relatively low default rate of professional students.

The Association urges Congress to act positively in addressing these issues to ensure: (1) that individuals without adequate financial resources are afforded an opportunity to pursue a career in the health professions, and (2) that students are not forced to incur unmanageable debt in order to obtain a health professions education. This can be accomplished, we believe, through adoption of these provisions in the reauthorization of the Higher Education Act. These modifications are included in the recommendations of the American Council on Education and have our full support.

They include:

- An increase in GSL annual borrowing limits for professional students to $8,000. The House Committee on Education and Labor has already determined this to be an essential provision in their reauthorization bill, especially in light of the effects inflation had on the cost of education.

- An increase in aggregate undergraduate and graduate GSL borrowing limits to at least $40,000 to accommodate the increase in annual limits to professional schools.

- Restoration of loan consolidation programs

- Extension of the maximum available repayment period and a provision which would allow inclusion of other student loans in computing the repayment period.

The American Dental Association respectfully requests this statement be included as a part of the official hearing record.

Sincerely,

Abraham Kobren

Abraham Kobren, D.D.S.
President
American Dental Association

STATEMENT OF

DR. JOSEPH M. CRONIN

President
Massachusetts Higher Education Assistance Corporation

before the

Senate Subcommittee on Education, Arts and Humanities
Committee on Labor and Human Resources
United States Senate

September 17, 1985

Mr. Chairman, Members of the Senate Subcommittee:

My name is Joseph Cronin. I am President of the Massachusetts Higher Education Assistance Corporation and Chairman of The New England Education Loan Marketing Corporation. The first organization is the oldest student loan guarantee agency in the United States and has guaranteed 2.3 billion dollars and more than one million student loans. Nellie Mae is a student loan secondary market which has assisted lenders in New Hampshire as well as Massachusetts - obtain funds to make additional student and parent loans.

We respect the objectives of the U.S. Senate to achieve cost savings in the student loan programs as well as to emphasize the concerns of the students over those of states or lenders or secondary markets.

The Massachusetts agency shares those priorities. During 1984 voluntarily we returned our federal advances to the federal government. We reduced the guaranty fee to students over the past five years from 1 percent to .75 to .65 and in May of this year to 1/2 of 1 percent. We have used our administrative funds to provide higher education information and counseling assistance for students and parents. We also published a student loan repayment guide and printed Transit Authority posters with a hotline phone number for anyone with questions about repaying their loan. Our concern is service to students, families and higher education.

Several national organizations have recommended ways to streamline the program and save money. The National Council of Higher Education Loan Programs and the American Council on Education each have urged cost-saving measures which we know are under consideration - loan consolidation with less subsidy, multiple disbursement of loans, Needs Test for all.

However, we are very concerned that federal student aid programs have not kept pace with inflation or the cost of education, costs that have risen more than 50 percent in recent years.

The GSL annual loan limits must be raised. The $2,500 annual limit is the same in 1985 as it was in 1972 - when most independent college tuitions were under $3,000 and public universities under $1,000. A guaranteed student loan in the early 1970's paid for most of an academic year - now it doesn't even take a student to the midterm exam. Room and board alone is more than $2,500 at most public universities. A textbook that cost $5 in 1972 costs $20 to $25 today.

The National Council of Higher Education Loan Programs recommends loan limits of $4,000 for undergraduate students, $8,000 for graduate students.

The American Council on Education and the National Association of Independent Colleges and Universities recommend that loan limits be raised to $3,000 for freshmen and sophomores, $4,000 for juniors and seniors.

The Massachusetts Higher Education Assistance Corporation Board, to cope with undergraduate costs of education of fourteen, fifteen, and sixteen thousand dollars, recommends loan limits of $5,000 for undergraduate students and $10,000 for graduate students.

It is not true that loan defaults increase with student debt. Our highest rate of defaults are among those students who complete one year or less, who borrow only once. Instead, we can report to you that the more a student invests in himself, the lower the default rate, and the higher the return in taxes to the U.S. Treasury.

We are concerned that the gap for freshmen and sophomores even after raising the limits for GSL, including summer and term time earnings, and a Pell grant of $4,000, will be $5,000 or higher for many of our independent colleges and universities.

What will we do in New England? Of course, the PLUS loan limits should be raised to $6,000 per student per year at very little cost to the federal government. Several private companies offer education loans at 16 percent. Sallie Mae has offered a pilot plan for certain graduate and professional students at 13.5 percent. Most of these plans call for payment of at least interest while in school.

We are developing other family education plans in our region to try to meet the need for education credit. The experience both of banks and secondary markets who try to set up a supplemental financial program is as follows:

1. The insurance or guaranty fee, without federal reinsurance, may need to be as much as 6 percent, or

2. The college must pledge some of its endowment or other assets to a reserve fund to cover defaults, and

3. The student or family must pass a test of creditworthiness which will rule out many families of limited or moderate income.

A family with heavy debts or little credit experience will not qualify for a private loan. The highest income persons will enjoy the best access to such programs. Horatio Alger stories, realization of the American Dream of from poverty to plenty, will rarely be told about such a program.

We would rather see loan subsidies reduced rather than the current obsolete loan limits carried on until 1991, the next five years.

We believe the Congress, which agrees to cost-of-living increases for defense, should examine what the cost-of-living increases would have been for higher education loans 1972-1986 if adjusted annually.

We believe that cost containment is a doctrine which needs to be applied more rigorously to weapons procurement before we constrain human resource development through education. Contain the administrative costs, yes, but not the choice of higher education.

We believe that a federal administration so supportive of private school options should not force parents to abandon hope of private colleges because financial aid will only cover public college tuitions and fees.

We know that the U.S. Senate, whose members and staffs are themselves so well-educated, will support adequate funds for helping the next generation of leaders pursue access and choice in higher education.

We urge that loan limits for four-year programs be raised very substantially under the banner of self-help and shared investment in American higher education.

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REAUTHORIZATION OF TITLE IV OF THE HIGHER EDUCATION ACT

Written Testimony of the American Medical Student Association

Submitted by:

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to the

Subcommittee on Education, Arts and Humanities
Committee on Labor and Human Resources
United States Senate

September 17, 1985

Written Testimony of the
American Medical Student Association
on
Reauthorization of Title IV of the Higher Education Act

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to submit comments for the record on reauthorization of Title IV of the Higher Education Act.

The American Medical Student Association (AMSA) is a national organization of over 30,000 medical students at over 140 allopathic and osteopathic medical schools throughout the United States. AMSA is an independent organization of physicians-in-training committed to the improvement of medical education and health care delivery so that we, as practicing physicians, may better meet the health care needs of the nation's people.

The American Medical Student Association has long been an active participant in the dialogue on health manpower planning. In the past, we have supported federal efforts to increase the number of graduating physicians, place physicians in underserved areas through mechanisms such as the National Health Service Corps, and to improve the geographical and specialty distribution of physicians. Recently, the federal government's role in medical education has shifted from incentives to expand the number of medical school graduates to mechanisms to improve physician distribution. After the release of the Graduate Medical Education National Advisory Committee (GMENAC) report stating that there would be a surplus of physicians by 1990 and further studies suggesting a "physician diffusion" into previously underserved areas, health manpower policy has shifted to incorporate these projections.

A new era of health professions assistance has been characterized by a reluctance on the part of the federal government to subsidize medical education, because "there are already too many physicians." There appears to be a suspicion that the provision of subsidized aid for medical students will increase the number of physicians. This simply is not the case. Support for undergraduate medical education does not influence the number of students obtaining a medical degree; rather, it determines who is able to afford a medical education. AMSA believes that there must continue to be equal access to a medical education to ensure that minority and disadvantaged students are not refused a health professions education on the basis of their ability to pay.

The Guaranteed Student Loan Program (GSL) is the most important loan program for physicians-in-training. Without it, thousands of qualified students would be unable to finance the costs of their education. Approximately sixty (60) per cent of all medical students receive support through this Title IV program. In 1982-83, GSL provided forty (40) percent of the total financial aid received by medical students. It serves as the primary loan, on top of which lesser or non-subsidized, high interest loans are added as needed. In the 1983-84 school year, medical students borrowing under the GSL program received an average of $4,830, an amount very near the $5,000 maximum yearly borrowing limit.

There is an acute need to increase the annual and cumulative GSL borrowing limits. Medical education is exceedingly expensive, and tuition costs continue to rise. Changes in federal support for undergraduate medical education, such as the elimination of capitation grants to medical schools in FY80, have played a role in skyrocketing tuitions, decreased availability of low-interest loans and scholarships, and an increased dependence on high interest loan programs. The average annual cost of a medical education at a private school is currently $21,925, and at a public school it is $11,352 for state residents. This represents an increase of over one hundred (100) per cent in the tuition for private schools over the last decade, and a comparable increase of over fifty (50) per cent in public school tuition. Yet, for the last nine years, the maximum SSL allowance has remained static.

It is important that the maximum GSL borrowing limit be increased from $5,000 to $8,000, with a new cumulative limit of $40,000 for graduate and professional students attending institutions at which the tuition is $5,000 per year or more. GSL needs to more accurately reflect the current high rates of tuition. Higher GSL limits would considerably ease the financial burdens of health professional students by providing more low cost loans and decreasing dependence on the unsubsidized, exhorbitantly expensive Health Education Assistance Loan (HEAL) program. In 1984, the mean debt upon graduation from medical school was $26,883. Over the last five years, the fraction of students whose debt exceeds $50,000 has more than quintupled.

The American Medical Student Association is very concerned about the potential impact of medical student indebtedness on the future specialty and geographic distribution of physicians. As medical students graduate with astronomical debts, they will be under pressure to enter the more lucrative subspecialties as opposed to primary care medicine. Recently, a study by the American Medical Association's (AMA's) Center for Health Policy Research documented that as the fraction of debt that is HEAL-based increases, the proportion of resident physicians planning to pursue primary care declines. In contrast, it showed that an increase in subsidized debt (i.e., GSL) actually increases the probability of selecting primary care among non-white residents. Further, the author of this study predicted that as HEAL loans become more prevalent in the future, we can expect a more significant effect on specialty choice. Among white physicians, 9.3 per cent fewer would select primary care if debt were completely HEAL financed instead of completely GSL, NDSL or HPSL financed. Among non-whites, 5.2 per cent fewer would intend to practice primary care. It has also been shown in AAMC studies that those graduates with excessive debt burdens tend to set up practice in large cities, while those with lower debt burdens are more apt to practice in smaller towns. By allowing GSL borrowing limits to increase, our national health manpower goals may well be furthered.

Despite the fact that debt burdens have been increasing dramatically for medical students, our default rates have remained remarkably low. The default rates for medical students borrowing under the Health Professions Student Loan (HPSL) program, even with its stringent delinquency calculation formula, and the HEAL program, with its high interest rate, are less than five percent; a rate below that for most consumer loans and home mortgages. It is important to keep these facts in mind in light of the unsubstantiated and misleading attacks on health professions education assistance coming from the Administration, particularly concerning the HEAL program.

We believe that in light of the data presented on increasing debt burdens and its effect on manpower distribution, several modifications should be considered in Title IV programs. As debt burden increases, with a seventy-four (74) per cent increase in the last four years, it will be critical to incorporate an extended and graduated repayment system for GSL's. This repayment system, which we believe should include at least a fifteen year repayment period for students with large GSL debt burdens, would allow graduated repayment to more closely parallel the income earning capacity of physicians through the course of postgraduate training and lessen the possibility of default. The average housestaff income for a third year resident is $22,439. According to the AMA Center for Health Policy Research, the average graduating medical student has a debt load that is equivalent to 147 per cent of what he or she will be paid as a first year resident. This figure is in contrast to the average accumulated educational debts for other professional students, including a debt burden representing seventy (70) per cent of the first year salaries for law school graduates and forty-two (42) per cent of first year salaries for graduates of doctoral programs.

We also believe that loan consolidation authority, which expired in 1983, needs to be restored. Loan consolidation allows students the opportunity to stretch repayment of large loan balances over twenty years, simplify their relationships with banks and credit agencies, and allow for ease of repayment, thus resulting in lower default rates. We endorse an approach of weighted interest rates on loans which are to be consolidated, with a linkage between the amount borrowed from Title IV to the length of the repayment period, as proposed by the American Council on Education. We hope a relatively low-cost program can be designed, so funds will not be diverted from other sources.

AMSA also supports a needs-based approach to the distribution of GSL's. In a time of limited resources and fiscal constraints, it is crucial that these funds go to the students who most require the assistance. We oppose arbitrary family income limits and instead prefer the development of a comprehensive, needs-based analysis which takes into account all the variables in student need profiles. We also support the concept of a needs-based professional/graduate student grant program for first and second year students. Among AMSA's chief concerns is that of maintaining equality of access to a medical education, and further, we are dismayed by the decline in enrollment of minorities in medical school. As cost undoubtedly serves as a major deterrent to the pursuit of medical education for disadvantaged students, grants to students in need may prove to be a significant factor in increasing minority and disadvantaged students' enrollment in medical school.

To conclude, the American Medical Student Association strongly believes that the GSL and other programs authorized under Title IV of the Higher Education Act play a critical role in maintaining equal access to medical education. AMSA urges the reauthorization to include the modifications outlined above. We thank you for this opportunity to present our views.

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STATEMENT BY

STEPHEN W. CLINTON, PRESIDENT

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC.

BEFORE THE

SENATE SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

TUESDAY, SEPTEMBER 17, 1985

Indiana
Secondary
Market
for Education Loans, Inc

TESTIMONY

to the

Senate Subcommittee on Education, Arts and Humanities

I am Stephen W. Clinton, President, Indiana Secondary Market for Education Loans. Thank you for the opportunity to address this group and to perhaps contribute some thoughts with regard to the financing of education credit in the United States as it pertains to the reauthorization of the Higher Education Act. Our organization was created in 1980 as a result of legislation passed in the Indiana General Assembly and given its designation as the state secondary market by the Governor. We began purchasing loans in August of 1981. To date $220 million in tax-exempt debt has been raised all of which has been invested in student loans. We recently concluded an agreement with the Student Loan Marketing Association for a $265 million taxable line of credit. We expect our future financing needs to be met by taxable sources of credit and we are currently pursuing several avenues of taxable financing to supplement the Sallie Mae line of credit.

I would like to focus today on the role of state secondary markets in financing of postsecondary education as well as methods for reducing costs and increasing the integrity of the loan programs. State secondary markets provide services which are more specifically designed to meet the needs of the citizens of the state. Loan servicing requirements which vary from state to state can be more easily accommodated by a state secondary market. Any lender no matter how small is provided services on the same terms.

Flexibility in terms of scheduling is often noted by lenders as a major reason for doing business with our organization. By encouraging a larger group of smaller lenders, education credit can be obtained on a much more personalized basis. In Indiana, 475 lenders are eligible to make loans and we have committed to purchase or have purchased loans from 250 of them. In my estimation a previously unmet demand for services has been filled by state secondary markets.

As you consider reauthorization of the Higher Education Act, the substantial cost of the guaranteed education loan programs must be addressed in your discussions. Education costs are increasing at a rate double that of inflation. Grant funds are becoming less available (as a percentage of needs). Students and parents must find ways to borrow in order to provide for a proper education today. The continuing upward demand for education credit creates a difficult problem for the Congress in reauthorization in view of the considerable pressure to reduce the deficit. State secondary markets as well as others in the program have been called upon and have given up a great deal already in an effort to control costs in the guaranteed education loan programs. Since 1980, several statutory changes have reduced yield or increased costs of financing for state secondary markets. In 1980, education loan yield represented by special allowance payments was cut by 50% to organizations using tax-exempt funding to finance their education loan portfolios. In 1983, legislation was passed which gave rise to regulations which severely restrict if not eliminate the availability of tax-exempt financing to organizations such as ours. The movement of not-for-profit secondary markets and direct lenders from tax-exempt to taxable financing has resulted in those holders realizing a gross operating spread of only 2.25% on their loans financed under the current special allowance formulation. This operating spread is substantially smaller than that realized by most banks, savings and loans, credit unions and Sallie Mae. State secondary markets have already lost substantial ground in terms of yield and cost of funds. In fact some state secondary markets believe they may not continue to exist once tax-exempt financing is completely eliminated.

Further across the board reductions in education loan yield would create, in my estimation, an interest revenue spread incapable of supporting many small to medium size lenders. Consideration has been given to the general reduction in the cost of education credit through a reduction in the Special Allowance component of the yield on these loans. Without substantial reductions (in the 2-3 percent range) significant immediate savings cannot be realized. For example a fifty basis point (1/2%) reduction for all new loans in 1986 would only produce $40 million in first year savings. While substantial downstream savings could be realized, any general reduction will reduce the number of lenders and secondary markets who will be able to remain in the program.

Access to education credit no longer seems to be the problem it once was. Effective promotion of the program by state guaranty agencies and secondary markets as well as incentives provided by the Congress have produced a program where participation is good. In some cases, however, oversupply of willing lenders has become a problem providing excessive borrowing options to many students and driving competing lenders to cut qualitative corners in order to increase their volume. The obvious result will be an increase in defaults.

The remaining players in the program will quite likely be the organizations which have not incurred the expense of effective default prevention. If that is true any short term savings will quickly be overtaken by increasing default rates. Some lenders exhibit a much stronger capability for effective default prevention. The question becomes then: how do you retain the lenders who do a decent job of default prevention and remove those that do not?

A sample list of lenders and delinquency information reported by them to the U.S. Department of Education as of September 30, 1983, is attached. The listing illustrates the apparent disparity in effectiveness (7.5% to 66.5% delinquency rate) from one organization to another in controlling education loan delinquencies. Assuming default claims will occur in 30 percent of these delinquencies, a projection of the cost to the federal government per $100 million loaned shows that default costs for $100 million in loan generation varies from $2.3 million to $20 million.

Clearly, the Federal government has a substantial financial interest in this analysis. Recent legislative efforts by Senator Quayle to reduce defaults are to be commended. By requiring among other things, credit bureau reporting of defaults, multiple disbursement of loan proceeds, and checks made copayable to the student and school, many potential defaults can be avoided or at least minimized. I believe, however, that to ignore the disparity in lender effectiveness in servicing is to also ignore the huge savings which could be realized through more effective default prevention by the lender.

I would propose, therefore that the Federal government recognize the dollars which can be saved by motivating lenders to perform effective servicing, and by discouraging those lenders which insist on retaining their less than adequate performance levels. Encouragement should be in the form of larger yields to those organizations which are expending the resources to control defaults. Conversely, those lenders which perform less diligent servicing functions should not be provided the full yield of treasury bill plus 3.5 percent.

In order to implement such a proposal, a study of Call Report information, preferably by the General Accounting Office, should be performed to establish benchmarks for acceptable performance. Increased or reduced special allowance eligibility could be established annually for the ensuing four quarters subsequent to Call Report submission. Information to perform this analysis is available to the U.S. Department of Education and is already computerized.

Through analysis of the data, standards can be developed which provide no increase in overall subsidy cost and which do provide a strong deterrent to those lenders who would generate and service education loans with no regard for the quality of their efforts. Secretary Bennett was recently quoted as projecting claim payments of $1.1 billion this year based on a gross default rate of 11.7 percent. A one percent reduction in the gross default rate will provide $86 million in savings. This proposal if accepted could reduce federal costs significantly without disturbing the delicate balance which has been achieved over the past 20 years in the education loan programs. Since any potential change in calculation of yield is likely to upset the smaller lenders, I would propose an exemption for lenders whose new loan disbursements do not exceed a threshhold amount of $5 million per year.

I believe this proposal can provide the economic incentives necessary to motivate large private lenders and secondary markets to increase their commitment to default prevention.

Our organization is prepared to assist the Congress in whatever manner deemed advisable in your deliberations regarding the Higher Education Act. Again, thank you for the opportunity to discuss these thoughts. I would be pleased to entertain any questions at this time.

ATTACHMENT 1

CALL REPORT INFORMATION
REPORTED BY LENDERS
TO U.S. DEPARTMENT OF EDUCATION
AS OF 9/30/83 (MOST RECENT AVAILABLE)

	Loans In Repayment	Loans Delinquent	Delinquency Rate
Manufacturers Hanover Trust Company	$ 17,492,140	$ 1,557,316	8.9%
Chase Manhattan Bank	$ 51,888,989	$34,520,699	66.5%
Citibank	$334,491,820	$75,229,293	22.5%
Chemical Bank	$105,214,270	$27,208,944	25.9%
Florida Federal Savings & Loan Association	$ 61,962,103	$37,385,981	60.3%
*Indiana Secondary Market 1983	$ 28,485,316	$ 2,150,050	7.5%

* As of 8/31/85, ISM had $ 121.5 million in repayment of which $ 11.5 million was delinquent (9.5% delinquency rate)

TESTIMONY OF
THE CONSUMER BANKERS ASSOCIATION
BEFORE THE
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES
OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE
REGARDING
REAUTHORIZATION OF THE HIGHER EDUCATION ACT

PRESENTED BY

LEON E. WILSON

and

BARRY D. COOK

SEPTEMBER 17, 1985

CBA

TABLE OF CONTENTS

Introduction 1

Subsidies 3

Multiple Disbursement 8

Loan Consolidation 10

Other "Default Management" Proposals 15

  Grace Period Extension 15

  Credit Bureau Reporting 15

  Graduated and/or Extended Repayment Terms 16

  Federal Database Access 16

  Over-borrowing Considerations 16

GSL Processing Flow-Chart . . . . Appendix 1

Impact of Proposed Changes on Lender Yield . . . Appendix 2

Mr. Chairman, I am Leon E. Wilson, Vice President of First National Bank of Boston, Boston, Massachusetts. Mr. Chairman, I am Barry D. Cook, Vice President of Citizens Savings Bank in Providence, Rhode Island. We appear today on behalf of the Consumer Bankers Association /1 and to reflect the views of both small and large financial institutions on the reauthorization of the Higher Education Act.

By way of background, First National Bank of Boston is the largest commercial lender bank in the Guaranteed Student Loan program in the state of Massachusetts. Bank of Boston began making GSLs in 1957 and has committed more than $100 million of its resources to making such loans. Approximately 75% has been lent to students in the Boston area.

The Bank of Boston student loan program serves students attending every category of postsecondary institution. The average loan size is approximately $2500 and loans as small as $500 are available. The average loan indebtedness of Bank of Boston's borrowers at graduation is about $7,500.

1/ The Association is a nonprofit organization that was organized in 1919 to provide a voice for the retail banking industry. Today, membership in the Association is open to any federally insured depository institution, including commercial banks, thrifts, and credit unions. Associate members include bank card processors and service provider organizations. Combined, the members of the Association now hold over 70% of all consumer credit outstanding held by commercial banks and over 80% of the consumer deposit accounts held by commercial banks.

Citizens Savings Bank is the fourth largest GSL lender in Rhode Island. Citizens Savings began making GSLs in 1966 and has committed more than $50 million of its resources to making GSLs. Approximately 100% has been lent to students in the state of Rhode Island.

Citizens' GSL program also serves students attending every category of postsecondary institution. Citizens' average loan size is approximately $2,300. The average loan indebtedness of Citizens' borrowers at the time of graduation is $6,000.

We will address a number of proposals in our testimony that are aimed at reducing the administrative burdens and federal costs associated with postsecondary educational loan programs. These subjects include the appropriate federal subsidy of GSLs, the multiple disbursement of loans, loan consolidation and related issues aimed at reducing the growing dollar volumes in default.

Although the focus of our attention will be on guaranteed student loans (GSLs), the substance of our remarks will be applicable in many instances to other federal student aid programs.

We appreciate the opportunity to come before you today and applaud the perceptivity of the Subcommittee and its staff in recognizing the distinct albeit compatible concerns of small and large GSL lenders. In addition to differing economies of scale, geographic base, costs of funding and asset size, GSL participants engage in a variety of investment strategies that further distinguish their GSL practices. Some institutions originate loans for the purpose of immediate resale in the secondary market. Other originators, with less immediate need for secondary market capital, hold and/or service GSLs. This avenue may be pursued because of the basic soundness of the investment portfolio or because the GSL is viewed as the cornerstone to a possible long-term banking relationship with the student-borrower.

With these distinctions in mind, we will try to focus on the issues of most immediate concern to our respective institutions. We wish to emphasize, however, that our formal remarks on each of the proposals represent the consensus of the CBA membership, regardless of institutional size and level of GSL involvement.

I. SUBSIDIES

In approaching the issue of subsidies, it is important to note that the federal subsidy paid on GSLs is an essential part of the program. Without these subsidies, lenders could not make capital available to student borrowers at the favorable rates of interest authorized for GSLs. Thus, the primary beneficiary of the subsidies in the GSL program is the student. The in-school interest subsidy and the special allowance both correspond to interest which the borrower would otherwise be required to pay in order to find a lender willing to make a GSL.

In recent months, various challenges have been leveled at the basic assumption that the existing subsidies in the GSL program correspond to the costs incurred by lenders in making loan capital available to students. They have suggested that the total return to lenders on GSLs exceeds the amount necessary to encourage them to participate in the program. They have taken the position that the special allowance can be reduced substantially without jeopardizing the availability of loan capital to students.

In recent weeks, the Consumer Bankers Association has rebutted these assumptions in testimony before both this Subcommittee and the House Subcommittee on Postsecondary Education. /2

As an objective matter, lender profit in the GSL program is best measured by comparing the return on GSLs with the other investments. The "return on assets" is the measure which is generally used by most financial institutions for

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2/ Hearings regarding reauthorization of the Higher Education Act before the Subcommittee on Education, Arts and Humanities of the Committee on Labor and Human Resources, U.S. Senate, 99th Cong. 1st Sess. (September 9, 1985, South Bend, IN); Hearings regarding reauthorization of the Higher Education Act before the Subcommittee on Postsecondary Education of the Committee on Education and Labor, U.S. House of Representatives, 99th Cong. 1st Sess. (May 31, 1985 in St. Louis, MO); Id. (June 5, 1985, in Washington, D.C.)

the purposes of comparing loan products. Under existing law -- with the special allowance rate set at Treasury bill plus 3.5 percent -- the return on GSLs is roughly equal to that produced by other consumer loan products.

Over a four-year period, peer group comparisons of institutions with assets of one to three billion dollars have shown that student loan return on assets at best equal other consumer loan products after losses. Many GSL lenders, however, are smaller institutions whose administrative and technical capabilities are less than those of larger lenders. Because the return on GSLs is dependent to a large extent on the efficiency with which loans are originated and serviced, lenders with limited capabilities have lower returns on GSLs. The GSL return on assets at Citizens Savings, for example, is 10-20 basis points less than the return on other consumer loan products.

Larger institutions tend to show a somewhat higher return due to administrative and technical efficiencies which have been implemented to increase the volume of GSLs processed. The labor and paper-intensive GSL origination and servicing process cannot be emphasized enough. Unlike the conventional lending relationship involving only two parties - the bank and customer - a GSL involves a multitude of other participants and requirements. The administrative burdens associated with dealing with the schools, guaranty agencies and federal government and satisfying their respective requirements are graphically depicted in the series of flow charts included as Appendix 1 to our testimony.

Similarly, a large loan tends to be more profitable than a small loan since it takes the same amount of effort to originate and service each. GSLs averaging $2000 are at a "disadvantage" with consumer mainstays like auto loans which are written for four or five times that amount.

The long-term planning, research and development necessary to administratively and technically streamline the GSL process cannot be justified in the absence of an assured and stable level of return. A cut in the present level of federal involvement will constitute a disincentive for others to undertake the costly and arduous task of building similar efficient, high-volume, computer-driven programs.

The implications are clear, regardless of the degree of involvement and relative return on GSLs of various institutions. A reduction in the special allowance will lead to many lenders dropping out of the program, or to reducing the amount of capital they invest in it. They will invest in other, more profitable consumer loan products and pursue less administratively and technically burdensome opportunities. At stake is the ready access to student loan funds for which Congress has successfully labored over the past 10 years to insure.

The losers will be the students. It is important to note that under the current program, one is hard pressed to identify a single area of the country where access to student loans is a problem. This is due to the fact that the existing program makes participation for lenders -- even the smaller lenders -- feasible.

In turn, the implications for the nation should be readily apparent. Many regions are experiencing rocky transitions from manufacturing and agricultural bases to service-based economies where some form of postsecondary education is almost mandatory. The dislocations in the steel, textile, auto, coal and farming sectors need no elaboration. Low to moderate income families will also be particularly affected. Each of these factors underscores the importance to the country of the present GSL program. We strongly urge the Subcommittee to resist efforts to reduce the special allowance and thereby limit access to educational funds.

So, as your Subcommittee faces the question of subsidies in the program, three choices are before you:

1) Cut the special allowance, thereby reducing the return to lenders, without raising the interest rate paid by the students. This option, I assure you, results in lenders dropping out of the program in direct ratio to the depth of the special allowance cut adopted.

2) Cut or reduce the in-school interest subsidy by raising the student's interest rate, to maintain the return to lenders while reducing the federal cost of the program. This option may lead to adverse financial and educational results for both the student and the GSL program.

3) Maintain the current structure of the program, including the subsidies on loans. This option represents the road taken since 1979. Since that year, student access to loan capital has increased, almost on an annual basis, to the point where we are close to being able to say that every eligible student can be assured of finding a lender. CBA respectfully submits that this alternative best serves federal postsecondary education policy.

MULTIPLE DISBURSEMENT

CBA has endorsed multiple disbursement as a rational, effective means of reducing losses in the program resulting from students who enroll in college, collect their GSL, but then drop out. Under multiple disbursement, a student enrolled in an institution using the semester system who qualified for a full $2500 GSL, would receive only $1250, with a resulting savings to the federal government. We do not support, however, the use of multiple disbursement for short-term courses of study -- less than two quarters, one semester, or 600 clock hours.

Our concerns about multiple disbursement result from the fact that it is not being considered on Capitol Hill as a single administrative improvement in the program, but rather as a part of a comprehensive package of measures designed to reduce the return to lenders on the program. Multiple disbursement is costly to lenders because a number of the administrative steps necessary to originate a loan must be repeated. Verifying the enrollment status of the student and issuing and mailing at least one additional check are two examples.

Similarly, the computer software necessary to implement this method is not available as an off-the-shelf commercial product. This means that the software must be developed by the lender at a sizeable cost. For smaller lenders whose capital expenditures are spread over a smaller portfolio, these costs are relatively greater. For these institutions, multiple disbursement represents a major administrative change in the program significantly altering the economics of their participation.

Further, it should be noted that the subsidy issue is entwined with multiple disbursement since federal subsidies operate to offset the expenses of making loan capital available, i.e., loan origination. Requiring "multiple originations," therefore, effectively reduces the level of federal subsidy in the program. A table summarizing the combined effects on lender yield of these and other proposals is attached to our testimony as Appendix 2.

CBA has endorsed multiple disbursement as part of its legislative recommendations submitted to the House Postsecondary Education Subcommittee on April 30th, 1985, because it will substantially reduce the misapplication of student loan proceeds. Banks will save principal and the federal government will save subsidy money. Coupling this change with a reduction in the special allowance, however, would have the potentially devastating effect of raising lenders costs substantially.

We, therefore, urge the Subcommittee to carefully consider enacting multiple disbursement, but to be sensitive to the fact that the lender costs associated with this proposal are significant.

Along the same lines, we urge the Subcommittee to provide lenders with an adequate amount of time to prepare for the implementation of any changes to the program. In 1981, legislative changes were enacted with an almost immediate effective date. The result was mass confusion which caused many institutions to stop making loans. We urge the Subcommittee to do everything in its power to assure that the effective date for any changes is at least 180 days after the date of enactment.

III. LOAN CONSOLIDATION

In November, 1983, the House of Representatives passed a loan consolidation bill that would have adjusted debt repayment terms on a sliding scale based on the borrower's income. Commercial lenders, but not state agencies, would have been allowed to consolidate loans under the House plan. The bill would also have renewed Sallie Mae's authority to consolidate federal student loans.

The Senate Labor and Human Resources Committee also passed a similar bill, but the Senate failed to act on the measure during the 98th Congress . The Senate bill would have raised the interest on consolidated loan payments from 7% to 9% and would have shortened the maximum repayment from 20 to 15 years. It would also have limited the program to borrowers with debts greater than 50% of their income and would have allowed both lending institutions and state agencies to consolidate student loans. The provision that compared income level with a borrower's debt would have required multiple needs analysis during the repayment period, a requirement that would impose substantial administrative burdens on the holder of the loan.

At various times, proposals have been made for linking the repayment of GSLs to the tax system, thus making income contingent repayment more feasible. However, these proposals have been opposed by the Treasury Department.

In conjunction with the the budgetary reconciliation process, we have recently witnessed a renewal of congressional interest in consolidation proposals, some of which are similar to the ideas considered by the 98th Congress. The

Consumer Bankers Association strongly endorses the re-establishment of a loan consolidation program. In our opinion, much of the default loss in the GSL program today is occurring from good-faith borrowers who, in the face of difficult economic circumstances, simply cannot repay their loans. Loan consolidation offers highly indebted borrowers the option of stretching out their loan payments and easing their monthly obligations.

However, the federal consolidation proposals just discussed are highlighted by the recurring themes of income-contingent repayment and multiple needs analysis. CBA opposes any income-contingent repayment and multiple needs analysis standards in consolidation. The potential for crippling administrative complexity for borrowers, lenders and servicers is already inherent in the loan consolidation concept. Income-contingent repayment and any form of multiple needs analysis would effectively eliminate a bank's incentive to participate in consolidation or extended repayment programs. The administrative burden of regularly verifying data will simply prove unbearable.

CBA is presently reviewing the loan consolidation concept in depth and will finalize its views this weekend immediately after which time we will be pleased to work with the Subcommittee and its staff in developing specific initiatives in this area. At this time, however, several other general points should be emphasized:

1. The participation of lenders in loan consolidation is imperative if the program is to continue operating smoothly. If lenders are not allowed to participate, their larger portfolios of loans can be bought without notice by a loan consolidation program, thus changing the overall economics of the lender's participation.

Many lenders participate in the GSL program with the hope of establishing future business relationships with borrowers. The repayment period is the likely period for such relationships to develop.

Finally, a local lender may be better able to service a consolidation loan from a borrower in their community. The likelihood of default could thus be reduced.

2. CBA supports the principle that a loan consolidation program should be structured so as not to provide any additional federal subsidies to the consolidation borrower. This position reflects concern both over the budget and the belief that Department of Education funds can be better spent elsewhere.

3. The borrower should fully bear the interest costs of any repayments extended for greater than 10 years. This recommendation reflects the fact that most borrowers will be "out of the woods" in terms of their financial ability to meet their repayment obligations after the first 3 to 5 years of the repayment period.

One means of accomplishing this objective is to allow the interest costs for the extended repayment period to be set at a rate negotiated by the lender and borrower. CBA believes a viable consolidation program can be structured along these lines.

4. Consolidation is a complex issue that merits specific consideration during the reconciliation process.

The exigencies of the budget reconciliation process should not be permitted to deflect attention from the prompt construction of a national loan consolidation program. The specific attention of all present GSL participants as well as the Congress must be brought to bear on this issue in order to produce the most effective and least complicated program possible. Immediate but thorough consideration can result in a consolidation program that will encourage participation by lenders, borrowers and guarantors alike. Such attention can produce a timely plan that does not need to be overhauled, or, worse, rebuilt from scratch in the short term.

In sum, CBA strongly endorses a loan consolidation initiative while cautioning against the creation of unworkable administrative burdens. The re-establishment of a viable loan consolidation program in which all current participants in the GSL program may take part should be one of the highest priorities of the Congress as it begins the reauthorization process.

IV. OTHER "DEFAULT MANAGEMENT" PROPOSALS

CBA believes there are a number of practical steps in addition to loan consolidation that can be taken to improve the administration of the GSL program, and reduce federal costs. CBA believes that these proposals can stem the growing volume of defaulted dollars and ultimately reduce same.

Grace Period Extension

One step toward better default management would be to extend the repayment grace period after the student graduates from the current six months to nine months. What is happening in many instances is that students are unable to find jobs and begin employment in the six month period. Many borrowers thus go unnecessarily into default while an additional three month grace period could give them the time to get established and begin repayment. We believe that the small costs associated with enacting this amendment would be more than made up through reductions in default losses.

Credit Bureau Reporting

A second beneficial administrative change would be to require that lenders report the existence of a GSL to credit bureaus. Although CBA is uncertain as to the appropriate time and/or characterization(s) for such reports, we have no doubts as to the benefits of this practice. This small step will have a significant impact on defaults by helping to prevent highly indebted GSL borrowers from unwisely taking on additional consumer loan debt. Credit reporting implications could also be emphasized in counseling sessions to underscore the importance of a good credit record.

Graduated and/or Extended Repayment Terms

Another positive step would be the provision of an opportunity and assistance to lenders who want to establish graduated or extended repayment schedules to help borrowers who are unable to meet their initial repayment obligations.

Federal Database Access

CBA also recommends that there be expansion of guaranty agency and lender access to databases such as Social Security and the Internal Revenue Service to help improve the tracing of delinquent and defaulted borrowers.

Over-borrowing Considerations

We would like to turn for a minute to the question of over-borrowing by students in the GSL program and what Congress might do about this in the reauthorization. As you know, Mr. Chairman, default losses in the Guaranteed Student Loan program continue to increase despite the fact that the overall default rate is declining. This results from the fact that the number of loans entering repayment is increasing each year. In a sense, this is a by-product of the GSL program's success.

Many of the defaults in the GSL program are defaults on the part of students who had to borrow $10 to $15 thousand to complete their educational program and then find themselves in a low-paying job. As the amount of borrowing in the GSL program continues to increase, the difficulty of many students in meeting their repayment obligations is likely to continue to increase.

Earlier, we mentioned loan consolidation as one means of addressing the default and over-indebtedness problem. We also mentioned better reporting to credit bureaus as a second means. These two changes taken by themselves, however, will not totally solve the problems that are being created by higher and higher GSL debts. In the long run, the Congress must decide whether it is realistic to ask students to finance an ever-increasing percentage of their education with loans and then expect these loans to be paid back.

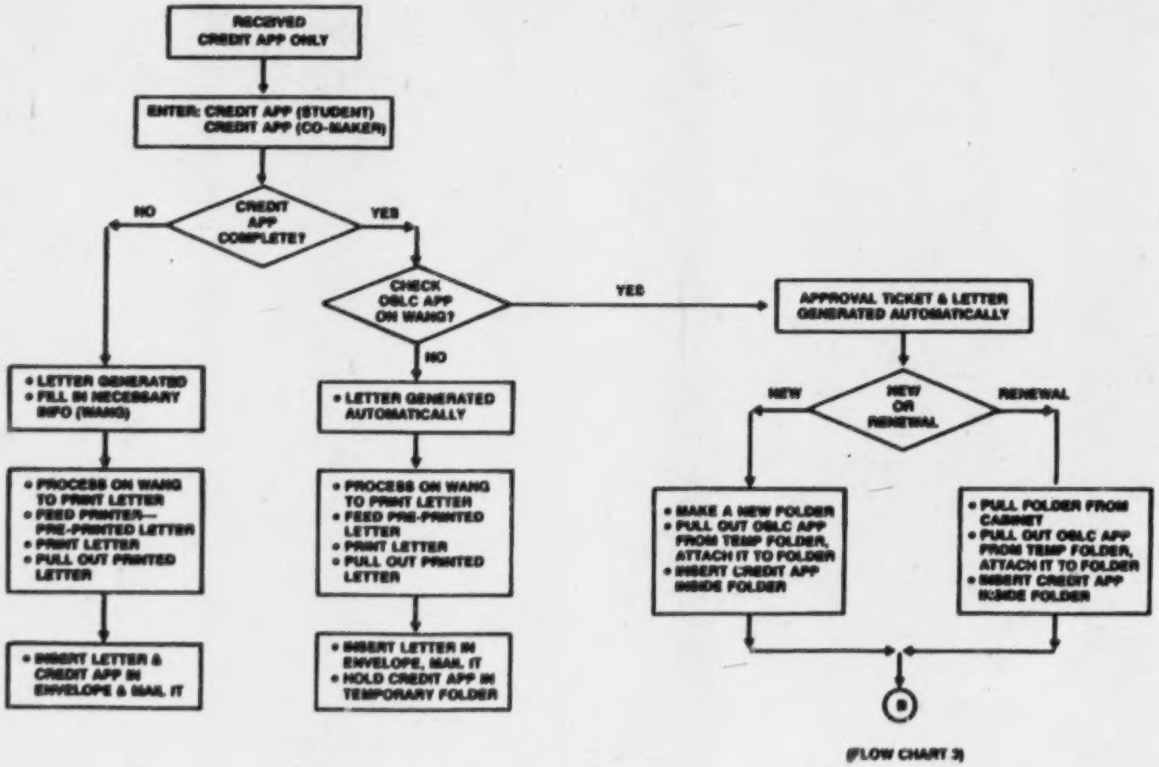
In closing, we again thank you for the opportunity to participate in these hearings today. Because of the budget deficit and the need to address it, the GSL and other federal student aid programs are under attack. We thank the Subcommittee for taking the time to find out how some of the proposals currently being circulated would affect students who, without the helping hand of federal student aid programs, would be unable to obtain post-secondary college education. We hope that as the Subcommittee continues its work on the reauthorization that these students will always be your top priority.

We would be happy to respond to any questions the Subcommittee may have.

APPENDIX 1

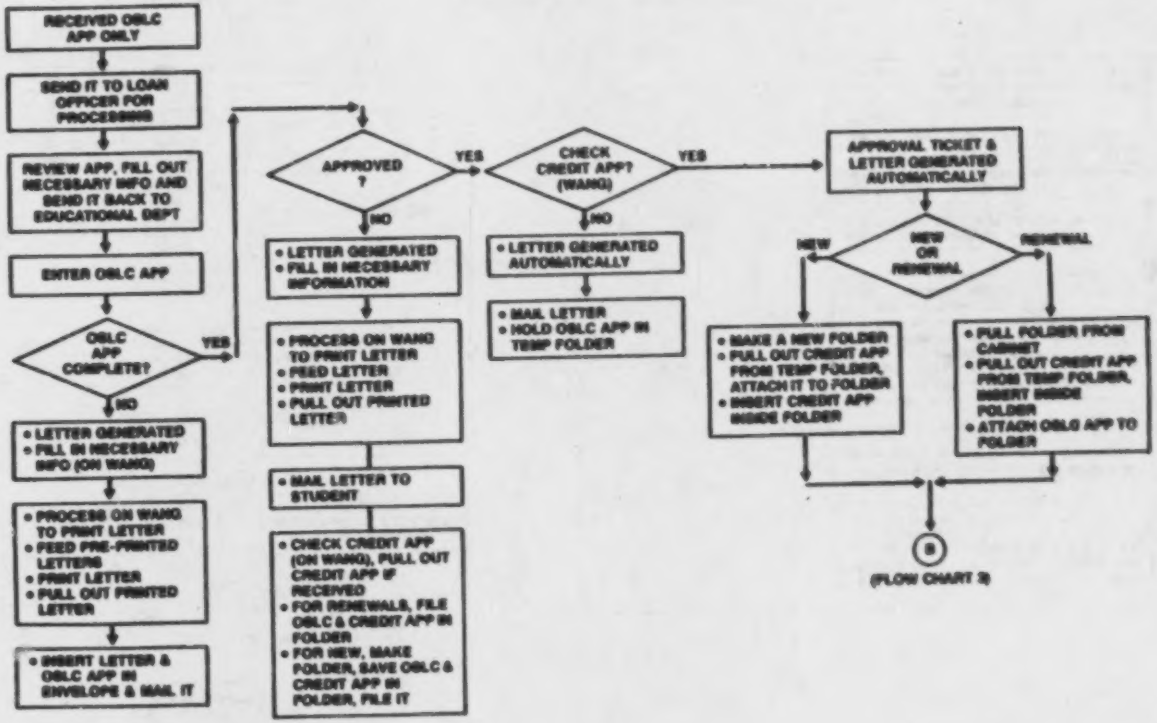
FLOW CHART 1 (GSL)

RECEIVED CREDIT APPLICATION ONLY


RECEIVED
CREDIT APP ONLY
ENTER: CREDIT APP (STUDENT)
CREDIT APP (CO-MAKER)
CREDIT APP COMPLETE?
NO
YES
CHECK OSLC APP ON WANG?
YES
NO
APPROVAL TICKET & LETTER GENERATED AUTOMATICALLY
• LETTER GENERATED
• FILL IN NECESSARY INFO (WANG)
• PROCESS ON WANG TO PRINT LETTER
• FEED PRINTER— PRE-PRINTED LETTER
• PRINT LETTER
• PULL OUT PRINTED LETTER
• INSERT LETTER & CREDIT APP IN ENVELOPE & MAIL IT
• LETTER GENERATED AUTOMATICALLY
• PROCESS ON WANG TO PRINT LETTER
• FEED PRE-PRINTED LETTER
• PRINT LETTER
• PULL OUT PRINTED LETTER
• INSERT LETTER IN ENVELOPE, MAIL IT
• HOLD CREDIT APP IN TEMPORARY FOLDER
NEW OR RENEWAL
NEW
RENEWAL
• MAKE A NEW FOLDER
• PULL OUT OSLC APP FROM TEMP FOLDER, ATTACH IT TO FOLDER
• INSERT CREDIT APP INSIDE FOLDER
• PULL FOLDER FROM CABINET
• PULL OUT OSLC APP FROM TEMP FOLDER, ATTACH IT TO FOLDER
• INSERT CREDIT APP INSIDE FOLDER
B
(FLOW CHART 3)

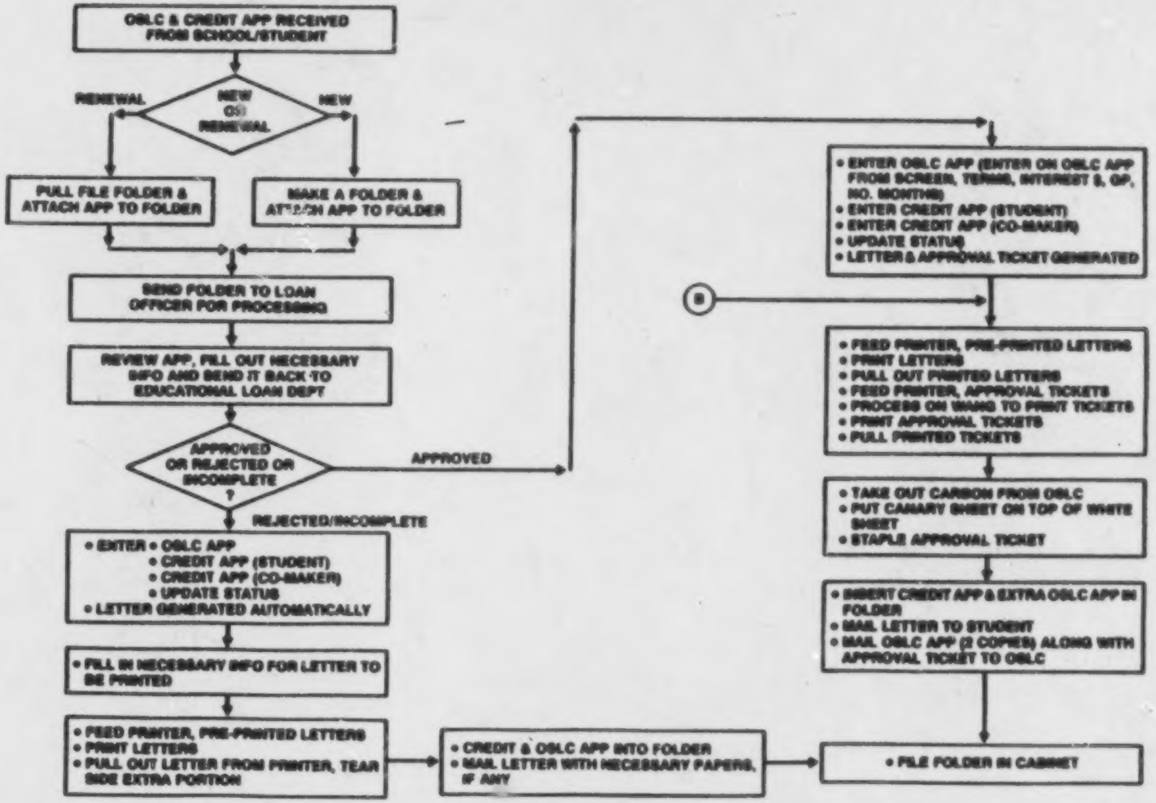
FLOW CHART 2 (GSL)

RECEIVED OSLC APPLICATION ONLY


RECEIVED OSLC APP ONLY
SEND IT TO LOAN OFFICER FOR PROCESSING
REVIEW APP, FILL OUT NECESSARY INFO AND SEND IT BACK TO EDUCATIONAL DEPT
ENTER OSLC APP
OSLC APP COMPLETE?
YES
NO
• LETTER GENERATED
• FILL IN NECESSARY INFO (ON WANG)
• PROCESS ON WANG TO PRINT LETTER
• FEED PRE-PRINTED LETTERS
• PRINT LETTER
• PULL OUT PRINTED LETTER
• INSERT LETTER & OSLC APP IN ENVELOPE & MAIL IT
APPROVED ?
YES
NO
• LETTER GENERATED
• FILL IN NECESSARY INFORMATION
• PROCESS ON WANG TO PRINT LETTER
• FEED LETTER
• PRINT LETTER
• PULL OUT PRINTED LETTER
• MAIL LETTER TO STUDENT
• CHECK CREDIT APP (ON WANG), PULL OUT CREDIT APP IF RECEIVED
• FOR RENEWALS, FILE OSLC & CREDIT APP IN FOLDER
• FOR NEW, MAKE FOLDER, SAVE OSLC & CREDIT APP IN FOLDER, FILE IT
CHECK CREDIT APP? (WANG)
YES
NO
• LETTER GENERATED AUTOMATICALLY
• MAIL LETTER
• HOLD OSLC APP IN TEMP FOLDER
APPROVAL TICKET & LETTER GENERATED AUTOMATICALLY
NEW OR RENEWAL
NEW
RENEWAL
• MAKE A NEW FOLDER
• PULL OUT CREDIT APP FROM TEMP FOLDER, ATTACH IT TO FOLDER
• INSERT CREDIT APP INSIDE FOLDER
• PULL FOLDER FROM CABINET
• PULL OUT CREDIT APP FROM TEMP FOLDER, INSERT INSIDE FOLDER
• ATTACH OSLC APP TO FOLDER
B
(FLOW CHART 3)

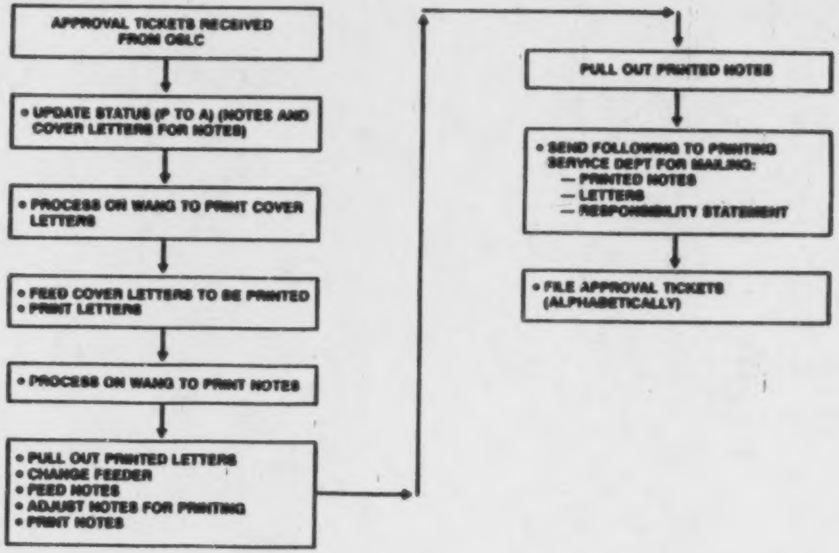
FLOW CHART 3 (OSL)

OSLC AND CREDIT APPLICATION RECEIVED FROM SCHOOL/STUDENT


OSLC & CREDIT APP RECEIVED FROM SCHOOL/STUDENT
NEW OR RENEWAL
RENEWAL
NEW
PULL FILE FOLDER & ATTACH APP TO FOLDER
MAKE A FOLDER & ATTACH APP TO FOLDER
SEND FOLDER TO LOAN OFFICER FOR PROCESSING
REVIEW APP, FILL OUT NECESSARY INFO AND SEND IT BACK TO EDUCATIONAL LOAN DEPT
APPROVED OR REJECTED OR INCOMPLETE ?
APPROVED
REJECTED/INCOMPLETE
• ENTER • OSLC APP
• CREDIT APP (STUDENT)
• CREDIT APP (CO-MAKER)
• UPDATE STATUS
• LETTER GENERATED AUTOMATICALLY
• FILL IN NECESSARY INFO FOR LETTER TO BE PRINTED
• FEED PRINTER, PRE-PRINTED LETTERS
• PRINT LETTERS
• PULL OUT LETTER FROM PRINTER, TEAR SIDE EXTRA PORTION
• CREDIT & OSLC APP INTO FOLDER
• MAIL LETTER WITH NECESSARY PAPERS, IF ANY
• ENTER OSLC APP (ENTER ON OSLC APP FROM SCREEN, TERMS, INTEREST $, GP, NO. MONTHS)
• ENTER CREDIT APP (STUDENT)
• ENTER CREDIT APP (CO-MAKER)
• UPDATE STATUS
• LETTER & APPROVAL TICKET GENERATED
• FEED PRINTER, PRE-PRINTED LETTERS
• PRINT LETTERS
• PULL OUT PRINTED LETTERS
• FEED PRINTER, APPROVAL TICKETS
• PROCESS ON WANG TO PRINT TICKETS
• PRINT APPROVAL TICKETS
• PULL PRINTED TICKETS
• TAKE OUT CARBON FROM OSLC
• PUT CANARY SHEET ON TOP OF WHITE SHEET
• STAPLE APPROVAL TICKET
• INSERT CREDIT APP & EXTRA OSLC APP IN FOLDER
• MAIL LETTER TO STUDENT
• MAIL OSLC APP (2 COPIES) ALONG WITH APPROVAL TICKET TO OSLC
• FILE FOLDER IN CABINET

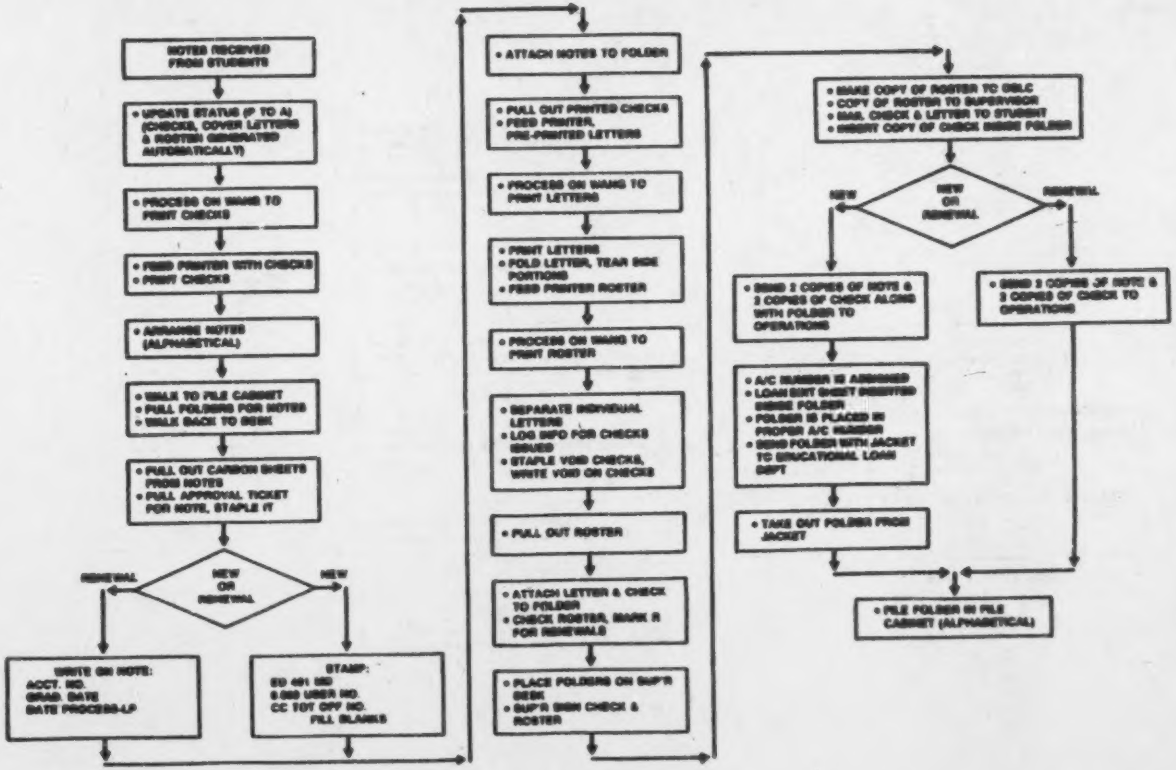
FLOW CHART 4 (OSL)

APPROVAL TICKETS RECEIVED FROM OSLC


APPROVAL TICKETS RECEIVED FROM OSLC
• UPDATE STATUS (P TO A) (NOTES AND COVER LETTERS FOR NOTES)
• PROCESS ON WANG TO PRINT COVER LETTERS
• FEED COVER LETTERS TO BE PRINTED
• PRINT LETTERS
• PROCESS ON WANG TO PRINT NOTES
• PULL OUT PRINTED LETTERS
• CHANGE FEEDER
• FEED NOTES
• ADJUST NOTES FOR PRINTING
• PRINT NOTES
PULL OUT PRINTED NOTES
• SEND FOLLOWING TO PRINTING SERVICE DEPT FOR MAILING:
— PRINTED NOTES
— LETTERS
— RESPONSIBILITY STATEMENT
• FILE APPROVAL TICKETS (ALPHABETICALLY)

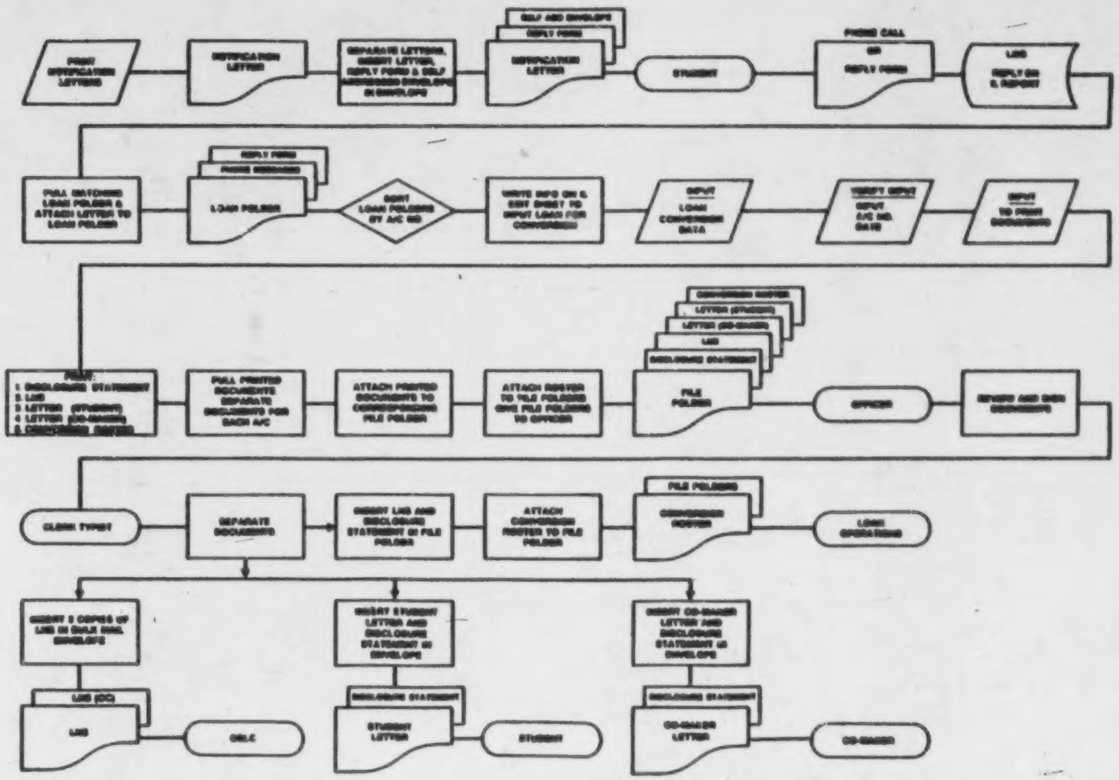
FLOW CHART 5 (GSL)

GSL NOTES RECEIVED FROM STUDENTS


NOTES RECEIVED FROM STUDENTS
• UPDATE STATUS (P TO A) (CHECKS, COVER LETTERS & ROSTER GENERATED AUTOMATICALLY)
• PROCESS ON WANG TO PRINT CHECKS
• FEED PRINTER WITH CHECKS
• PRINT CHECKS
• ARRANGE NOTES (ALPHABETICAL)
• WALK TO FILE CABINET
• PULL FOLDERS FOR NOTES
• WALK BACK TO DESK
• PULL OUT CARBON SHEETS FROM NOTES
• PULL APPROVAL TICKET FOR NOTE, STAPLE IT
NEW OR RENEWAL
RENEWAL
NEW
WRITE ON NOTE: ACCT. NO. GRAD. DATE DATE PROCESS-LP
STAMP: ED 401 SED 0.000 USER NO. CC TOT OFF NO. FILL BLANKS
• ATTACH NOTES TO FOLDER
• PULL OUT PRINTED CHECKS
• FEED PRINTER, PRE-PRINTED LETTERS
• PROCESS ON WANG TO PRINT LETTERS
• PRINT LETTERS
• FOLD LETTER, TEAR SIDE PORTIONS
• FEED PRINTER ROSTER
• PROCESS ON WANG TO PRINT ROSTER
• SEPARATE INDIVIDUAL LETTERS
• LOG INFO FOR CHECKS ISSUED
• STAPLE VOID CHECKS, WRITE VOID ON CHECKS
• PULL OUT ROSTER
• ATTACH LETTER & CHECK TO FOLDER
• CHECK ROSTER, MARK R FOR RENEWALS
• PLACE FOLDERS ON SUP'R DESK
• SUP'R SIGN CHECK & ROSTER
• MAKE COPY OF ROSTER TO GSLC
• COPY OF ROSTER TO SUPERVISOR
• MAIL CHECK & LETTER TO STUDENT
• INSERT COPY OF CHECK INSIDE FOLDER
NEW OR RENEWAL
NEW
RENEWAL
• SEND 2 COPIES OF NOTE & 2 COPIES OF CHECK ALONG WITH FOLDER TO OPERATIONS
• A/C NUMBER IS ASSIGNED
• LOAN EXIT SHEET INSERTED INSIDE FOLDER
• FOLDER IS PLACED IN PROPER A/C NUMBER
• SEND FOLDER WITH JACKET TO EDUCATIONAL LOAN DEPT
• TAKE OUT FOLDER FROM JACKET
• SEND 2 COPIES OF NOTE & 2 COPIES OF CHECK TO OPERATIONS
• FILE FOLDER IN FILE CABINET (ALPHABETICAL)

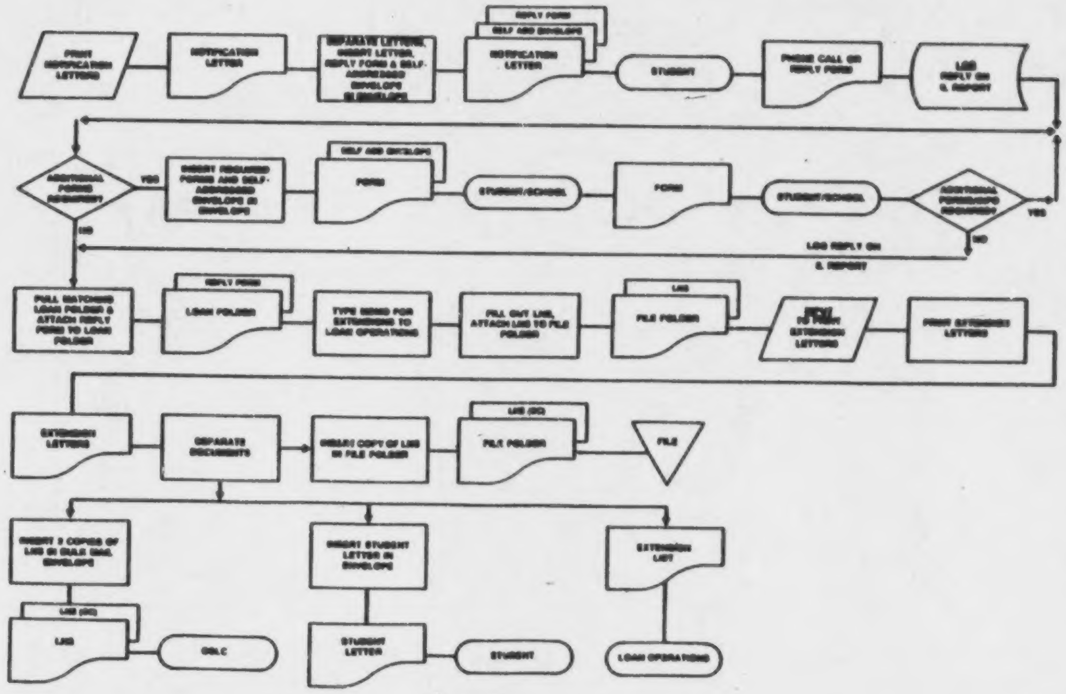
FLOW CHART 6

LOAN SETUPS — REPAYMENT


PRINT NOTIFICATION LETTERS
NOTIFICATION LETTER
SEPARATE LETTERS, INSERT LETTER, REPLY FORM & SELF ADDRESSED ENVELOPE IN ENVELOPE
SELF ADD ENVELOPE
REPLY FORM
NOTIFICATION LETTER
STUDENT
PHONE CALL
OR
REPLY FORM
LDS
PULL MATCHING LOAN FOLDER & ATTACH LETTER TO LOAN FOLDER
REPLY FORM
PHONE MESSAGE
LOAN FOLDER
SORT LOAN FOLDERS BY A/C NO
WRITE INFO ON & EDIT SHEET TO INPUT LOAN FOR CONVERSION
INPUT
LOAN CONVERSION DATA
VERIFY INPUT
INPUT A/C NO. DATE
INPUT
TO PRINT DOCUMENTS
PRINT:
1 DISCLOSURE STATEMENT
2 LDS
3 LETTER (STUDENT)
4 LETTER (CO-MAKER)
5 CONVERSION ROSTER
PULL PRINTED DOCUMENTS SEPARATE DOCUMENTS FOR EACH A/C
ATTACH PRINTED DOCUMENTS TO CORRESPONDING FILE FOLDER
ATTACH ROSTER TO FILE FOLDERS GIVE FILE FOLDERS TO OFFICER
CONVERSION ROSTER
LETTER (STUDENT)
LETTER (CO-MAKER)
LDS
DISCLOSURE STATEMENT
FILE FOLDER
OFFICER
REVIEW AND SIGN DOCUMENTS
CLERK TYPIST
SEPARATE DOCUMENTS
INSERT LDS AND DISCLOSURE STATEMENT IN FILE FOLDER
ATTACH CONVERSION ROSTER TO FILE FOLDER
FILE FOLDERS
CONVERSION ROSTER
LOAN OPERATIONS
INSERT 2 COPIES OF LDS IN BULK MAIL ENVELOPE
LDS (CC)
LDS
INSERT STUDENT LETTER AND DISCLOSURE STATEMENT IN ENVELOPE
DISCLOSURE STATEMENT
STUDENT LETTER
STUDENT
INSERT CO-MAKER LETTER AND DISCLOSURE STATEMENT IN ENVELOPE
DISCLOSURE STATEMENT
CO-MAKER LETTER
CO-MAKER

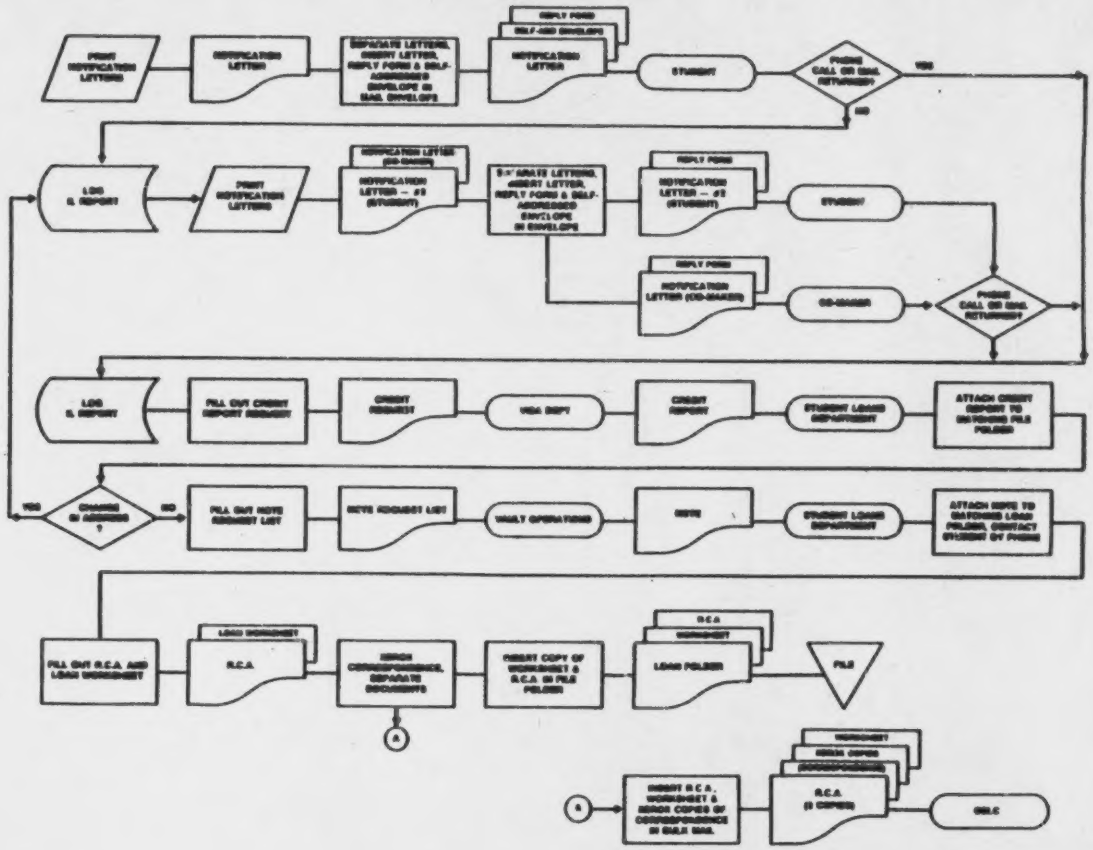
FLOW CHART 7

LOAN EXTENSIONS


PRINT NOTIFICATION LETTERS
NOTIFICATION LETTER
SEPARATE LETTERS, INSERT LETTER, REPLY FORM & SELF-ADDRESSED ENVELOPE IN ENVELOPE
REPLY FORM
SELF ADD ENVELOPE
NOTIFICATION LETTER
STUDENT
PHONE CALL OR REPLY FORM
LOG REPLY ON S. REPORT
ADDITIONAL FORMS REQUIRED?
YES
NO
INSERT REQUIRED FORMS AND SELF-ADDRESSED ENVELOPE IN ENVELOPE
SELF ADD ENVELOPE
FORM
STUDENT/SCHOOL
FORM
STUDENT/SCHOOL
YES
NO
LOG REPLY ON S. REPORT
PULL MATCHING LOAN FOLDER & ATTACH REPLY FORM TO LOAN FOLDER
REPLY FORM
LOAN FOLDER
TYPE MEMO FOR EXTENSIONS TO LOAN OPERATIONS
FILL OUT LNS, ATTACH LNS TO FILE FOLDER
LNS
FILE FOLDER
TO PRINT EXTENSION LETTERS
PRINT EXTENSION LETTERS
EXTENSION LETTERS
SEPARATE DOCUMENTS
INSERT COPY OF LNS IN FILE FOLDER
LNS (CC)
FILE FOLDER
FILE
INSERT 2 COPIES OF LNS IN BULK MAIL ENVELOPE
LNS (CC)
LNS
OSLC
INSERT STUDENT LETTER IN ENVELOPE
STUDENT LETTER
STUDENT
EXTENSION LIST
LOAN OPERATIONS

FLOW CHART 8

LOAN COLLECTIONS


PRINT NOTIFICATION LETTERS
NOTIFICATION LETTER
SEPARATE LETTERS, INSERT LETTER, REPLY FORM & SELF-ADDRESSED ENVELOPE IN MAIL ENVELOPE
REPLY FORM
SELF-ADD ENVELOPE
NOTIFICATION LETTER
STUDENT
PHONE CALL OR MAIL RETURNED?
YES
NO
LOG & REPORT
PRINT NOTIFICATION LETTERS
NOTIFICATION LETTER (CO-MAKER)
NOTIFICATION LETTER — #2 (STUDENT)
SEPARATE LETTERS, INSERT LETTER, REPLY FORM & SELF-ADDRESSED ENVELOPE IN ENVELOPE
REPLY FORM
NOTIFICATION LETTER — #2 (STUDENT)
STUDENT
REPLY FORM
NOTIFICATION LETTER (CO-MAKER)
CO-MAKER
PHONE CALL OR MAIL RETURNED?
LOG & REPORT
FILL OUT CREDIT REPORT REQUEST
CREDIT REQUEST
VISA DEPT
CREDIT REPORT
STUDENT LOAN DEPARTMENT
ATTACH CREDIT REPORT TO MATCHING FILE FOLDER
YES
CHANGE IN ADDRESS ?
NO
FILL OUT NOTE REQUEST LIST
NOTE REQUEST LIST
VAULT OPERATIONS
NOTE
STUDENT LOAN DEPARTMENT
ATTACH NOTE TO MATCHING LOAN FOLDER, CONTACT STUDENT BY PHONE
FILL OUT R.C.A. AND LOAN WORKSHEET
LOAN WORKSHEET
R.C.A.
XEROX CORRESPONDENCE, SEPARATE DOCUMENTS
A
INSERT COPY OF WORKSHEET & R.C.A. IN FILE FOLDER
R.C.A
WORKSHEET
LOAN FOLDER
FILE
A
INSERT R.C.A., WORKSHEET & XEROX COPIES OF CORRESPONDENCE IN BULK MAIL
WORKSHEET
XEROX COPIES
(CORRESPONDENCE)
R.C.A. (3 COPIES)
GSLC

Appendix 2

Summary
Effect of Proposed Legislative and Regulative Changes on Lending Yield on Guaranteed Student Loans

Current Average Yield	.75%
Possible proposed legislative changes:	
1. Multiple disbursement	-.20
2. Elimination of interest on multiplying funds	-.20
3. Reduction in special allowance of 25 basis points	-.25
Possible regulatory change:	
4. Increased lender due diligence	-.10
Lender yield if all proposed possible changes were implemented.	.0

SallieMae

Statement of
Edward A. Fox
President and Chief Executive Officer
Student Loan Marketing Association
(Sallie Mae)

Before the

Subcommittee on Education, Arts and Humanities
Committee on Labor and Human Resources
United States Senate

on

Reauthorization of the Higher Education Act

September 17, 1985

I. Overview

Mr. Chairman, members of the Subcommittee, I am Edward A. Fox, President and Chief Executive Officer of Sallie Mae. I am pleased to appear before you to discuss the reauthorization of the Higher Education Act of 1965, financing of student aid, and Sallie Mae in particular.

Mr. Chairman, the Guaranteed Student Loan Program (GSLP) currently provides $8 billion in capital a year for the financing of higher education. The GSLP is designed to encourage the investment of private capital--on both a taxable and tax-exempt basis--in an area of high public priority. The program is dependent upon the decisions of financial institutions to invest billions of dollars in capital; these decisions reflect the yield or income from the instrument and the security provided by state insurance and federal reinsurance. Abrupt or substantial changes in yield to the lenders or in the financial stability of the state guarantee agencies can and will thus have devastating effects on the viability of the GSLP. You must be cautious in your policy determinations to ensure that the program remains an attractive investment. You must look at the whole program and consider whether it will continue to deliver billions of dollars to students.

Sallie Mae is the national secondary market for student loans. Our mission is to support higher education; it is our only business. We raise capital in the securities markets and provide it to others to make GSLs, supporting both financial institutions and state programs. This is accomplished firstly by making loans (warehousing advances) to guaranteed student loan lenders. We also purchase student loans from any program participant to encourage further investment in student loans. We support tax-exempt student loan revenue bonds through both commitments and letters of credit backing these bonds and purchase of the bonds.

Sallie Mae is a very different corporation than it was in 1979 when you last considered reauthorization. I am pleased to report to you that we are a stronger, more viable corporation that is better able to provide increased support and more innovative programs to enhance the availability of student credit.

To illustrate the changes in Sallie Mae in five short years, a few comparisons may be helpful. In 1979, the total assets of the corporation were nearly $1.6 billion; today, they are $13.0 billion. In 1979, we had done business with about 600 financial and educational institutions, state agencies and other organizations; today we have reached about 2,300 institutions in support of the GSLP. In 1979, we held $43.1 million in stockholders' equity, representing voting common shares and retained earnings; today, we have $623 million in shareholders equity, representing 20.3 million shares of voting common, 20.9 million shares of nonvoting common, 5 million shares of preferred stock and retained earnings. In 1979, our sole source of financing was the Federal Financing Bank of the U.S. Department of Treasury; today our total outstanding FFB borrowings of $5.0 billion are 42 percent of total borrowings.

Since 1982, we have raised all our borrowed funds directly in the private capital markets. These financings today account for the other 58 percent of our borrowings.

It has been an eventful five years, Mr. Chairman. More than half of the products we offer now, all of which support student credit, did not exist in 1979. We have attempted to anticipate and adapt to both the growth and the changes in student credit needs. We remain committed to the mandate given to us by Congress that Sallie Mae's business is the support of postsecondary education financing.

Building on more than a decade of strong financial growth and product innovation, we believe Sallie Mae is well situated to provide support for student credit in the future. We believe that there will continue to be an increasing demand for student credit, as well as other types of financing for postsecondary education. The banking system is also likely to change radically in the next five years. If the GSLP is to remain successful, we must assure that student loans continue to be viable investment instruments for private sector financial institutions. We look forward to the challenge presented by the changes we see in the near term, and we believe Sallie Mae can play an active role in assuring the future availability of student credit.

Insofar as Sallie Mae's role in education credit is concerned, we believe the twelve year history of the corporation speaks for itself. We believe we are what Congress intended that we be: a private sector corporation which functions efficiently and profitably while fulfilling its original public purpose.

My statement provides a review of our activities in support of student credit, our financing of these operations, oversight of the corporation, as well as our view of reauthorization as it may affect the corporation's charter.

II. Sallie Mae's Student Credit Operations

Sallie Mae, as the national secondary market for student loans, has attempted to provide support for all sectors of the education credit market by offering its traditional secondary market facilities, developing and participating in programs designed to address particular areas of need, and by pioneering in new, supplemental credit mechanisms. An examination of these activities reveals the extent of the corporation's role in providing liquidity for loans originated under the GSLP, its most basic purpose, and in meeting student credit needs generally.

Sallie Mae offers two primary products to increase the liquidity of GSLs: the purchase of student loans and warehousing advances to fund student loans in lenders' portfolios. By purchasing loans made under the GSLP, as well as the HEAL program, Sallie Mae provides additional lendable funds to lenders. Because the corporation generally assumes responsibility for servicing loans it buys, its loan purchases also relieve lenders of the administrative burden and costs associated with insured student loans. Through its warehousing advances, Sallie Mae provides liquidity to lenders against the collateral of their existing student loan portfolios, other U.S. Government or Agency issues, or other acceptable collateral. Institutions with advances collateralized by insured student loans must either reinvest all advance proceeds into additional guaranteed student loans or maintain a specified student loan portfolio level throughout the term of the advance. Institutions offering other collateral must fully invest all advance proceeds in guaranteed student loans. Sallie Mae also provides the assurance of future availability of funds through the issuance of forward commitments. These commitments, for both loan purchases and warehousing advances, have enabled many state and private lenders to maintain lending activities through the assurance of continued student loan credit availability.

Specialized Products and Services

Community Lender Outreach

In 1981, Sallie Mae began a special outreach to smaller lenders through its Community Lender Plan. Since the inauguration of this effort, Sallie Mae has purchased approximately $224.3 million in student loans from about 690 institutions, each with assets less than $100 million.

Heal Assured Access Plan

During the past four years, Sallie Mae has provided a secondary market in support of the Health Education Assistance Loan (HEAL) Program through its HEAL Assured Access Plan. This plan was implemented in 1982 when the low level of bank participation in the program threatened the adequate supply of capital for all qualified prospective borrowers. This plan was put in place following consultation and with the support of the Department of Health and Human Services, bankers, and the appropriate educational institutions. Through June 1985, Sallie Mae had disbursed nearly $159 million under the Assured Access Plan to approximately 24,000 students attending institutions all over the United States. This represented approximately 23 percent of all HEAL loans originated during this period. In addition, Sallie Mae facilitates entry and participation of lenders in the HEAL program by purchasing loans they originate. Through June, Sallie Mae had bought $171 million in HEAL loans from 74 financial institutions.

Assured Access Programs for GSL and PLUS Participants

Sallie Mae has also developed and participates in assured access plans to assure credit availability for various identified groups of potential GSL and PLUS borrowers. The prototype for these plans was the United Negro College Fund Assured Access Program.

In 1982, Sallie Mae joined with the United Negro College Fund (UNCF), Health Education Assistance Foundation (HEAF), and Citibank to ensure the availability of funds for students attending the 43 UNCF member colleges. Last year, Sallie Mae joined

Independence Federal Savings Bank and the Office for the Advancement of Public Black Colleges to launch another assured access plan for minority students. Sallie Mae committed $45 million to that undertaking which, through June of this year, had provided more than $16 million in GSLs to nearly 7,000 students across the country. Sallie Mae has also advanced $300 million to a major GSL lender to finance an assured access plan for vocational school students and committed $150 million to a PLUS lender to assure the availability of that supplemental financing around the country.

Noninsured Student Loans

As the cost of education has risen at about twice the rate of consumer prices generally in recent years, Sallie Mae has also, over the last two years, begun to develop and pilot new mechanisms for providing supplemental education credit.

In 1983, Sallie Mae provided funding for the first time for noninsured student loans when we committed to provide collateralized financing to a university to fund its own noninsured student loan program.

In 1984, we began to pilot a new, privately insured loan plan, of our own design, to provide a supplemental source of financing to graduate students pursuing advanced degrees in the most costly professional fields: business, engineering, health professions and law. This month we introduced a similar pilot plan for providing supplemental financing for students' parents.

These pilot undertakings demonstrate Sallie Mae's commitment and flexibility in providing innovative solutions to meet growing and/or changing credit needs of students and their parents. To further this effort, Sallie Mae also last year acquired a newly chartered thrift institution in North Carolina, as we informed the Congress. First Capital Corp. gives us another tool to use in the development and testing of new education-related credit instruments.

Programs to Support State Financing of Student Loans

For the last decade, Sallie Mae has also provided credit support and direct financing to state student loan agencies, both direct lenders and secondary markets. We have broadened and enriched our services to this sector of the market as agencies' needs have changed and evolved. Since 1976, we have offered forward purchase commitments to back state agency bond issues by assuring a future market for underlying loans should refinancing not be feasible when bonds mature. As of June 30, Sallie Mae had $437 million outstanding in forward purchase commitments to such agencies. In late 1983 Sallie Mae introduced letters of credit which lend the highest investment grade rating to state bond issues they back. We have issued $180 million in letters of credit since then. Sallie Mae also in 1983 became, for the first time, a purchaser of student loan revenue bonds. One purpose of our more recent purchase of First Capital Corp. was to increase our ability to provide this kind of support to the state agency sector. As of June 30, we held $294 million in student loan revenue bonds and notes. Our involvement as an investor in that market has contributed to stability in both pricing and turnover. Early last year, Sallie Mae also introduced a Loans-to-States Plan offering state agencies an alternative to tax-exempt bond financing, by providing them with direct loans and commitments on a taxable rate basis. Through June 30, Sallie Mae had committed a total of $2.3 billion to 11 agencies to fund their student loan operations over the next two to four years.

Loan Consolidation Program (OPTIONS)

Sallie Mae was given the responsibility in 1980 amendments to put in place a Loan Consolidation Program for certain qualifying students who had borrowed under the National Direct Student Loan Program (NDSL) and the GSLP. Before termination of this program, Sallie Mae had consolidated $390 million of indebtedness for 32,000 students. Sallie Mae continues to support a mechanism to encourage sound debt management of student indebtedness.

III. Financing of Sallie Mae

Since early 1982, pursuant to an agreement with the Treasury Department reached the previous year, Sallie Mae has financed its education credit operations by borrowing directly in the domestic, and, more recently, even the international, capital markets.

To assure the long-term financial soundness of the corporation, and, hence, our continued ability to provide a reliable, national secondary market for education loans, our financings have been structured to insulate the corporation from interest rate risk, to the maximum extent possible.

To improve our financial strength, we also took two major initiatives to increase our equity capital base in 1983. In March of that year, Sallie Mae sold 5 million shares of adjustable rate cumulative preferred stock which provided $250 million in new capital; the following September, we sold an initial public offering of nonvoting common stock which raised $103 million in primary equity for Sallie Mae. At the end of July 1985, the corporation had outstanding 20.3 million voting common shares and 20.9 million nonvoting common shares. Our total equity, including retained earnings and the preferred stock, was $623 million at June 30, 1985.

During 1984, Sallie Mae financed its operations by raising $2.3 billion in net new funds using a variety of innovative techniques to tap both domestic and international sources of capital. A $200 million convertible subordinated debenture offering, for instance, provided the corporation with both a current, cost-effective source of funds, and a future source of equity. We also issued the first-of-their-kind, 6-month floating rate notes and zero coupon notes, and continued to use interest rate swaps. In 1985, we entered the international and Japanese capital markets with Euroyen notes and dual currency yen/U.S. dollar

Euronotes, as well as bonds and a syndicated financing in Japan. In all these undertakings, we have continued to structure our financings to achieve a match in the interest sensitivity of our liabilities with the rate sensitivity of our assets. This practice, to which we have always adhered, preserves the quality of our balance sheet and our earnings.

Given the increasing demands for capital throughout the world, a strong balance sheet, and a strong earnings statement are Sallie Mae's best assurances that it will have access to capital in the quantity necessary and at the price appropriate to support student credit operations during the balance of the 1980s and beyond. I am pleased that during the past two years we have actually lowered the cost of doing business with Sallie Mae as we have passed through the benefit of operating efficiencies.

IV. Oversight Activities

Oversight of Sallie Mae's activities rests with both the Congress and the Executive Branch. All of Sallie Mae's debt issuances must be approved by the U.S. Department of the Treasury. Further, the committees of the Congress with jurisdiction over education have maintained continuous oversight of our operations. In addition to hearings specifically devoted to oversight of Sallie Mae (Senate hearing-1982, House hearings-1983, 1985), I have testified several times before the Congress since the enactment of the Education Amendments of 1980.

The Committee of Conference for the Student Financial Assistance Technical Amendments Act of 1982 requested the General Accounting Office (GAO) to prepare two reports on Sallie Mae. H.R. Rep. No. 887, 97th Cong., 2d Sess. (1982). The first GAO report was an interim study concerning Sallie Mae's loan consolidation activities. The interim study was orally delivered to the Senate Committee on Labor and Human Resources on May 25, 1983, and was discussed in Sallie Mae's 1983 Report to the President and the Congress. The second GAO report is an extensive study of the activities of Sallie Mae and was delivered to the Committee during 1984.

The Conference Report requested the GAO to concentrate on the evolution of Sallie Mae's legislative authority and to determine whether the provision of additional capital for student loans from the private sector, Sallie Mae's original purpose, had been significantly eroded or altered through legislative changes or policy redirection. The Conference Report also requested an analysis of whether Sallie Mae had lessened its secondary market activities for direct lending or loan guarantees.

In preparing its report, the GAO studied Sallie Mae's legislative development from the 1972 Amendments to the Higher Education Act of 1965 (Public Law 92-318, June 23, 1972) through the Student Loan Consolidation and Technical Amendments Act of 1983 (Public Law 98-79, August 15, 1983) and reviewed Sallie Mae's financial reports and supporting information for years 1973 through 1983.

Although noting that Sallie Mae's legislative authority and functions were materially expanded six times since 1972, the GAO concluded that through December 1983 Sallie Mae had provided about $10.0 billion in student loan liquidity through the purchase of student loans and the making of secured loans (called warehousing advances) to eligible GSL program lenders, and that almost all of this activity resulted from authority contained in Sallie Mae's initial legislation and the remainder from its new authorities.

The GAO Report also states that Sallie Mae has not exercised any authority to make and insure guaranteed student loans in certain capital shortage conditions under the new authorities set forth in the Education Amendments of 1980 (Public Law 96-374, October 3, 1980) and the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35, August 13, 1981).

In conclusion on this point of inquiry the GAO found:

> "Despite the concerns expressed regarding Sallie Mae's expanded authorities, representatives of the banking and other student loan-related organizations we contacted indicated that the liquidity provided to lenders by ... [Sallie Mae] through its secondary market activities has contributed significantly to increased loan availability for students, and that a national secondary market for student loans is needed to stimulate continued private financing to meet loan demands."

We welcome oversight of our operations, Mr. Chairman, and we will continue our policy of notifying this committee of all the corporation's material initiatives. We believe both Sallie Mae and the Congress benefit from continuing dialogue to insure we are fulfilling our purpose of providing support for student credit.

V. Recommendations for Reauthorization

Mr. Chairman, you are aware that Sallie Mae has consistently taken the position that educational policy determinations are not within our purview. We will, of course, endeavor to provide whatever technical advice and assistance this Subcommittee may desire in determining how best to accomplish whatever goal you seek to reach.

At the same time, we recognize that as you review the Higher Education Act in the present climate of continuing budget constraints, you may well discover needs of the higher education community and of students that are not being met by current programs at current funding levels. Moreover, we can foresee that the effects of these constraints on public resources may be exacerbated by other events such as tax reform, interstate banking and other changes in the financial services industry, changing student populations, and aging plants and equipment of institutions of higher education.

Sallie Mae has a record of providing financial resources to postsecondary education and of adapting our services as the needs of that community change and evolve. Especially in this time of evolution in both the educational and financial communities, we stand ready to help this Subcommittee assure that postsecondary education has access to adequate capital from the private sector in any way we can.

In short, we do not presume to suggest how this Subcommittee address the difficult and complicated questions facing higher education. We do, however, offer our resources and expertise to help you, if you so desire, to solve the problems you identify and to meet the challenges facing higher education in the future.

There is only one major recommendation concerning Sallie Mae which we would make at this time--that Sallie Mae be given direct statutory authority to permit us to conduct a program for financing education facilities, housing, and equipment. We recommend we be allowed to purchase bonds issues for these purposes, and to make loans and extend other accommodations where desirable. There is a well-documented need for $20 to $50 billion of financing for the renovation and reconstruction of the crumbling infrastructure of higher education. We would like to bring our financial expertise, as a credit intermediary, to bear on this problem. In a tight budgetary environment we think it unlikely that large federal appropriations will be forthcoming. We can use our ability to raise funds in the capital markets to aid colleges and universities, to finance the staggering costs of facilities construction and renovation. The problem is well established; we would like to be part of the solution.

I and my staff are, as always, available to provide any assistance you may request. We look forward to working with you on this reauthorization.

STATEMENT BY

RONALD J. IVERSON
EXECUTIVE DIRECTOR
VERMONT STUDENT ASSISTANCE CORPORATION

before the

Subcommittee on Education, Arts and the Humanities
Committee on Labor and Human Resources
U.S. Senate

September 17, 1985

Mr. Chairman and members of the Subcommittee. I am Ron Iverson, Executive Director of the Vermont Student Assistance Corporation and I wish to thank you for the opportunity to appear before you today to discuss financing issues related to the Reauthorization of the Higher Education Act.

The Guaranteed Student Loan Program has been the keystone for student aid since 1965. This program has evolved significantly over time and has by and large been working well. However, in recent years the need for modification in certain areas has become evident. Today I'd like to address myself to four areas where I see significant room for improvement.

My first area of concern relates to student loan limits. Needy students must be able to borrow enough to assure access and choice. By way of illustration: Since 1972 the maximum undergraduate Guaranteed Student Loan has remained at $2,500. Student charges at the University of Vermont have increased from $2,150 to $6,250 (+$4,100) and charges at Middlebury College have risen from $4,000 to $13,500 (+$9,500). A $2,500 student loan simply does not make sense when such increases are taken into account. I propose a minimum undergraduate limit of $4,000 to help bridge the gap outlined above. Even if grant limits were increased substantially, the kinds of costs students face today necessitate higher loan limits.

Turning to my second area of concern, I would like to point out that the loan program was originally conceived and implemented as a federal/state partnership. However, over the years the federal aspect of the program has intensified and the states' role has become de-intensified. Initially the states shared in the burden of defaults. This is no longer the case unless a state has a high default rate. I propose that the states return to sharing the burden of default costs by bearing a minimum of 10% of costs of all defaulted student loans. Such a change will save substantial federal monies over time and will encourage states to become more active partners in the program and to move diligently towards intensified default prevention efforts.

My third point relates to student access to loan funds. Over the years there has been substantial concern about the availability of loans to all segments of the population who qualify. Increased state efforts and certain limited and targeted national programs have successfully provided students with full access to loans. However, now that full access has been accomplished we find ourselves in the unfortunate situation where the national lenders and guarantors are no longer content with providing student access but are exploiting the program, in order to maximize profits, by expanding into states where no access problems exist. The profitability of the program has led to unscrupulous massive mail solicitation efforts on the part of national guarantors and lenders (see Appendix), a situation which I believe will destroy the Guaranteed Student Loan Program unless severely checked by Congress. The proliferation of unharnessed inducements to borrow (as illustrated by offering of Sony Walkmans, cash, and other gifts) is encouraging students to overborrow, thus increasing potential for default. It is also causing substantial confusion among students, parents and aid officers, and is encouraging unintended fraud and abuse on the part of unsuspecting borrowers due to potential double borrowing. This flagrant competition must be stopped. I suggest that Congress do the following: (1) limit the scope of national guarantors to areas with documented access problems; (2) cut the special allowance to lenders so that the incentive to make big money off a publicly supported program is decreased; (3) prohibit advertising and sales gimmicks which provide financial and other incentives encouraging students to take out a loan; (4) return the program to state control; and (5) prohibit the use of interstate mail solicitation.

My final area of concern relates to the role of the secondary markets in providing continued loan capital. Over the years a cooperative venture has evolved in the secondary market area encompassing national as well as state based entities. This successful endeavor is failing as a result of the Education Department's overzealous regulations. Last year Congress passed legislation placing maximum ceilings on the amount of private activity bonds a state could issue in a given year. This resulted in states determining how best to utilize their limited bonding authority. However, states wishing to use part of their bonding authority for student loans are finding it difficult, if not impossible, to use this authority due to the regulations of the Education Department. It is ironical that it is easier to issue an Industrial Development Bond for a commercial enterprise than it is to issue loan bonds to assist needy students. Since the Treasury Department regulates private activity bonds, Congress should prohibit the Education Department from also issuing regulations in this area.

In conclusion allow me to express my appreciation for the Committee's outstanding work in the student aid area. I believe that the programs would no longer be in existence if not for the tenacious efforts of you, Mr. Chairman, and your dedicated Committee. I am deeply committed to the aid programs and believe that my proposals will serve to improve dramatically a program which is currently besieged by criticism.

I'll be pleased to answer any questions you may have.

THE WALL STREET JOURNAL TUESDAY, AUGUST [illegible]

Banks Push Loans to College Students

Firms Seek Short-Term Profit, Long-Term Clients

By DAVID BRICK

Staff Reporter of THE WALL STREET JOURNAL

At Empire of America, a Buffalo, N.Y., savings and loan association, college-bound students taking out a loan get their choice of a free Sony Walkman, records or alarm clocks.

This fall, high school students all over the country will be able to apply for loans directly from Chase Manhattan Bank, using computer terminals the bank is installing in their schools.

And, along with their monthly bills, holders of Citibank credit cards in some regions have been receiving fliers that push Citibank student loans.

As these aggressive marketing tactics suggest, lending money to finance an education is suddenly an attractive business for big and small banks alike. Student loans now are becoming an important part of overall banking strategy, says Deborah Talbot, vice president of Chase, the nation's No.2 student lender. Chase, with student loans of more than $1 billion already, will add to the total by buying the portfolios of other banks beginning this fall.

The basic student loan is insured by the federal government, which pays all interest while students are in school. The government also pays lenders a quarterly special allowance fee for the life of the loan. The fee, which is tied to the interest rate on Treasury bills, compensates bankers for the difference between the lower interest rate they receive and the market rate.

More Banks Participating

These government-backed loans, at a yearly maximum of $2,500 per student, with an 8% interest rate, currently are available through 13,000 participating banks, up from 10,000 in 1982, according to the Consumer Bankers Association. Last year, banks issued 3.4 million loans, a sizable increase from the two million granted in 1980.

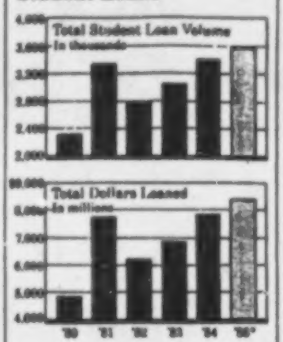
In addition to the federal loan programs, banks also are moving into the private loan business with the students and their parents. Chase will offer variable-rate loans of as much as $10,000 a year to graduate students and parents of undergraduates this fall as a guaranteed student loan supplement. Bank officials say that because the $2,500 cap placed on guaranteed student loans in 1972 has prevented them from keeping pace with the cost of tuition, private loans are increasingly necessary.

Private loans also may help those families who were squeezed out of federal loan eligibility in 1981 when Congress imposed a need test for loans to students whose families earned more than $30,000. Citibank and Empire of America plan to offer similar programs in the spring, and several other banks have plans in the works.

Deregulation a Factor

Deregulation of the banking industry has led to "cutthroat" competition that is keenly felt in student loans, says William Clohan, special counsel to the Consumer Bankers Association and former U.S. undersecretary of education.

Student Loans



*Estimate

Figures for Guaranteed Student Loan Program and Parent Loans for Undergraduate Students.

Source: U.S. Department of Education

As college costs continue to escalate well beyond the inflation rate and the level of federal grant aid remains static, more students seek to borrow. About $8 billion will be lent under the Guaranteed Student Loan program in fiscal 1986, compared with $2.5 billion in 1979. This surge in volume has led to great economies of scale for big banks, which can process large numbers of loans efficiently, says Mr. Clohan.

A Consumer Bankers Association survey of 175 guaranteed student loan lenders found that in 1984, general consumer lending returned 0.90% on assets, while student loans returned 0.87%. In 1982, the return on assets for all loans was 0.83%, and the return on student loans was 0.61%. Mr. Clohan says the return on student loans was higher at larger banks.

Banks' Strategies

Manufacturers Hanover Trust Co., ranked third in New York state with a $350 million loan portfolio, plans to "become a national leader in this area" by aggressively seeking new accounts this fall and buying more portfolios, says Charles Schenck, senior vice president. Florida Federal Savings & Loan has pursued a similar strategy since 1982, building its loan portfolio from $35 million to $431 million to become the No.4 lender nationwide.

Chemical Bank has been buying student-loan portfolios from other banks since 1982, according to William Banks, vice president of the student-loan division. It has increased its student-loan volume from about $300 million to more than $600 million in three years, largely through seven major portfolio purchases.

In addition to seeking short-term profits, the banks also are planning for the future. "We're building a long-term client base. The bank where you get your student loan is like the one you get your mortgage from. You remember it," says Holly Thompson, Citibank spokeswoman.

Selling the Parents

Many banks also sponsor loan seminars for parents. "You really sell the parent, not the student," says Chase's Miss Talbot.

But some think the new push is excessive. A few banks are paying student financial aid offices from $5 to $10 a head to influence students to take out loans with them, says Polly Gault, staff director of the Senate Education, Arts and Humanities Subcommittee. "It's ridiculous. It was not the intent of the program to have big banks warp the local financial markets by going in and competing with the local banks."

Miss Gault's criticism reflects a growing concern in Washington that banks are making too much profit from the program. The 1986 congressional budget resolution calls for an $800 million reduction in guaranteed student loan spending over the next three years, a cut many experts believe will be passed onto banks by trimming the special allowance.

But Mr. Clohan doubts the big banks will suffer. "Ironically, the midsize banks will be pushed out of the market because the reduced subsidy will hurt them more. Then, the big banks will pick up their volume and increase profits even more."

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To: Financial Aid Administrators

From: Brenda H. Schill, Director of Loan Guarantee Programs

Date: August 23, 1985

Subject: Multiple Guaranteed Student Loans

Enclosed is a letter that has been sent to some parents of Vermont college students by The National Research Center for College and University Admissions. Its purpose is to encourage students to complete the United Student Aid Funds (USAF) applications that were sent to them by the Center. The lender is the Marine Midland Bank.

This letter is NOT a VSAC-generated letter and does not mean that we have not received or processed a VSAC Guaranteed Student Loan application for the student.

We would like to point out that the soliciting of Vermont students by national or multi-state guarantors for Guaranteed Student Loans through direct mailing of applications to potential borrowers has resulted in considerable confusion to the students. They are not aware that the national guarantors and the Vermont Student Loan Program both guarantee loans under the same federal program. Therefore, students are applying to both agencies for loans, not realizing that the $2,500 undergraduate or $5,000 graduate limit may not be borrowed from each agency.

In addition, the receipt of two loan applications from the same borrower in the Financial Aid Office has resulted in additional time required of you to notify and counsel students. Also, in the event multiple borrowing should occur in spite of your best efforts to catch these applications prior to disbursal, the borrower would be required to return the most recently received funds to the lender. If default results from "double dipping," that student will be denied future GSL's to attend the same institution.

We have had no indication that Vermont residents or students attending Vermont schools are having problems with access to Vermont Guaranteed Loans. All Vermont lenders actively promote this program.

I would also like to request that if you receive two applications from the same borrower, we encourage you to process the Vermont student loan application. VSAC guarantees faster turn-around time and better servicing to the students. Should you have any questions, please call me.

Immediate
Reply
Requested

URGENT MESSAGE

Immediate
Reply
Requested

TIME IS OF THE ESSENCE. YOUR GUARANTEED STUDENT LOAN APPLICATION HAS NOT BEEN RECEIVED YET. WE MUST HAVE YOUR COMPLETED FORMS WITHIN THE NEXT TWO WEEKS IN ORDER TO PROCESS THEM FOR THE UPCOMING SCHOOL YEAR.

YOU CAN REQUEST UP TO $2,500.00 IN FINANCIAL AID RIGHT NOW. THERE IS NO COST TO APPLY -- AND NO OBLIGATION. DON'T LET YOUR SON OR DAUGHTER MISS THIS OPPORTUNITY TO GET NEEDED FUNDS FOR COLLEGE EDUCATION.

THE GUARANTEED STUDENT LOAN PROGRAM IS AUTHORIZED AND FINANCIALLY SUPPORTED BY THE U.S. GOVERNMENT. IT IS THE LARGEST SOURCE OF FINANCIAL AID FOR HIGHER EDUCATION -- HELPING AN ESTIMATED 1 OUT OF EVERY 4 STUDENTS.

ALL STUDENTS FROM FAMILIES WITH $30,000 ANNUAL INCOME OR LESS ARE AUTOMATICALLY ELIGIBLE FOR A GUARANTEED STUDENT LOAN. HIGH SCHOOL GRADES, COLLEGE ENTRANCE EXAM SCORES, TYPE OF EDUCATIONAL INSTITUTION DO NOT MATTER.

STUDENTS FROM FAMILIES WITH MORE THAN $30,000 ANNUAL INCOME ALSO MAY BE ELIGIBLE. ONE OUT OF EVERY THREE LOANS ARE MADE TO FAMILIES WITH INCOMES ABOVE $30,000. SO EVERYONE SHOULD CONSIDER REQUESTING THIS FINANCIAL AID.

BUT PLEASE APPLY NOW. LOCK-IN THE CURRENT, LOW INTEREST RATE AT 8%. THIS LOW RATE WILL ALSO APPLY TOWARDS FUTURE LOANS -- UP TO $12,500 (MAXIMUM FOR UNDERGRADUATES) OR $25,000 (MAXIMUM FOR BOTH GRADUATE AND UNDERGRADUATE EDUCATION). WHILE YOUR CHILD IS IN SCHOOL AT LEAST HALF-TIME, THE FEDERAL GOVERNMENT PAYS ALL COSTS. YOUR CHILD DOES NOT START REPAYING THE LOAN UNTIL SIX MONTHS AFTER LEAVING SCHOOL.

IT TAKES ABOUT 30 MINUTES TO COMPLETE THE APPLICATION MATERIALS AND THEN A FEW WEEKS TO PROCESS THE PAPERS. SO HURRY OR YOU MAY BE TOO LATE.

STUDIES SHOW THAT HIGHER EDUCATION IS ONE KEY TO GREATER SUCCESS AND ADVANCEMENT. A GUARANTEED STUDENT LOAN CAN HELP MAKE THIS HAPPEN.

I LOOK FORWARD TO HEARING FROM YOU SOON.

James W. Kunz

JAMES W. KUNZ
PRESIDENT

P.S. CALL TOLL FREE 1-800-624-6600 EXTENSION 4356 WITH QUESTIONS REGARDING GUARANTEED STUDENT LOAN PROGRAM.

The National Research Center for College and University Admissions
Financial Aid Information Center • 1225 19th Street N.W. Room 400 • Washington, D.C. 20036

2182C

NRCCUA
National Research Center for College and University Admissions

NRCCUA

Dear Parent:

This is just a quick reminder to let you know that we have not yet received the Guaranteed Student Loan (GSL) application we sent you several weeks ago.

Time is running short to obtain financial aid for your son's or daughter's education. The GSL Program was established by the Federal government to help provide the funds you need.

Your son or daughter can now request up to $2,500.00 in financial aid for this school year. There is no cost for these funds while your son or daughter is in school on at least a half-time basis. After your child leaves school, he or she can repay this loan at the low interest rate of just 8% per year -- over 5 to 10 years.

It doesn't cost anything to apply. And you don't even have to accept the loan once it is granted if you don't want it. There is no obligation whatsoever. But your son or daughter must apply to be considered for this valuable financial aid.

If you've misplaced the application form, please call toll free 1-800-624-6600 extension 4356 to request another one or complete the bottom half of this letter and return it in the enclosed return envelope. We'll send you another Application Packet immediately.

As soon as we receive your completed application materials, we'll begin processing your request. When your application is approved, a check for the loan amount will be disbursed.

Please don't wait any longer. We look forward to hearing from you shortly.

Sincerely,

Karen M. Surma
NRCCUA Loan Processing Coordinator

- -

☐ Please send me a Guaranteed Student Loan Application Packet right away.

Parent's Name: ____________________
Student's Name: ____________________
Address: ____________________
____
City ____________ State ________ Zip ____________

The National Research Center for College and University Admissions

Financial Aid Information Center • 1225 19th Street N.W. Room 400 • Washington. D.C. 20036

2103C

NRCCUA
National Research Center for College and University Admissions

NRCCUA

Dear Parent:

A few weeks ago, the President of the National Research Center for College and University Admissions sent you an application for a Guaranteed Student Loan for your college-bound son or daughter. I'm writing now to make sure you received the financial aid materials and that your questions regarding the Guaranteed Student Loan Program have been answered.

With the upcoming school year just around the corner, it's very important that we receive your completed application within the next few weeks. It takes 4-6 weeks to process an application and late applications could experience further delays.

I'm sure you don't want your child worrying about whether or not he or she will have sufficient funds to start school on time. That's why the Guaranteed Student Loan Program is designed to give students an opportunity to attend college without putting a strain on a family's finances.

If you apply now for a Guaranteed Student Loan, your child may receive up to $2,500.00 a year (to a maximum of $12,500.00) to help pay for tuition, books, room and board and any other college-related expenses.

Although the loan doesn't have to be repaid until after your child leaves school, the interest rate will remain fixed at today's low rate of just 8%. This is a very low interest rate compared to current lending rates which are as high as 15% or more on some loans. And even more importantly, the Federal government will pay all interest charges on the loan until six months after your child leaves school.

As I write this letter, the U.S. Congress is considering changes to the Guaranteed Student Loan Program which could limit the number of students eligible for this aid. This is one more reason why you must act today.

If your adjusted gross annual income is less than $30,000, your child automatically qualifies for this financial aid. If your adjusted annual income is over $30,000, your child may also be eligible. In fact, about one-third of all GSL loans are made to families with more than $30,000 annual adjusted gross income.

It doesn't cost anything to apply for a Guaranteed Student Loan. But it could make all the difference in whether or not your child gets a quality education of his or her choice.

So please complete the application materials today. I look forward to hearing from you soon.

Sincerely,

Karen M. Surma
NRCCUA Loan Processing Coordinator

P.S. Call toll free 1-800-624-6600 extension 4356 if you require additional information.

[illegible]

Senator QUAYLE. With that this subcommittee stands in adjournment.

[Whereupon, at 10:32 a.m., the subcommittee was adjourned.]

REAUTHORIZATION OF THE HIGHER EDUCATION ACT, 1985

THURSDAY, SEPTEMBER 19, 1985

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room SD-430 Dirksen Senate Office Building, Senator Robert T. Stafford, (chairman of the subcommittee) presiding.

Present: Senators Stafford, Simon, and Pell.

OPENING STATEMENT OF SENATOR SIMON

Senator **SIMON** [presiding pro tempore]. The subcommittee will come to order. I am pinchhitting at least for awhile, for Chairman Stafford, who has provided exceptionally fine leadership in the area of higher education. Our hearing today is on title III. I have introduced a legislation on title III because there is concern about where we are going in this whole area. The hearing is going to focus on that in part.

Our second topic is title II, college libraries, another area of great interest to me. We obviously are faced with a situation where we are not going to have unlimited funds, and the question is, How do we zero in, in a way that does the kind of a job that needs to be done for American higher education?

We are pleased to have some witnesses today advising us on how we should proceed. We use this little light system here. For those of you who are first time witnesses, if you can, confine your remarks to 5 minutes. At the end of 5 minutes the red light goes on, and that is a not too subtle signal that your time has ended. We will devote the balance of the time to questions.

First we have a panel, and we will start off with Dr. Oswald Bronson, president of Bethune-Cookman College in Daytona Beach, FL. Dr. Bronson, we are happy to have you here.

STATEMENTS OF DR. OSWALD P. BRONSON, SR., PRESIDENT, BETHUNE-COOKMAN COLLEGE, DAYTONA BEACH, FL; DR. BENJAMIN F. PAYTON, PRESIDENT, TUSKEGEE UNIVERSITY, TUSKEGEE, AL; DR. DONALD J. DONATO, PRESIDENT, NIAGARA COUNTY COMMUNITY COLLEGE, SANBORN, NY; BROTHER JOACHIM W. FROEHLICH, O.S.B., PRESIDENT, ST. ANSELM COLLEGE, MANCHESTER, NH; AND, DR. JAMES E. LYONS, PRESIDENT, BOWIE STATE COLLEGE, BOWIE, MD

Dr. BRONSON. Thank you, Senator; my name is Oswald P. Bronson, Sr., who for 7 years served as president of the Interdenominational Theological Center in Atlanta, GA, and now is president of Bethune-Cookman College in Daytona Beach, FL.

My 17-year tenure as president has made me acutely aware of the vital role that Federal support plays in assisting black colleges to achieve their especially unique mission. I am here today to testify on behalf of the reauthorization of the Higher Education Act of 1965 in general and the Hawkins-Simon institutional aid bill in particular.

Bethune-Cookman College was founded in 1904 by Mary McLeod Bethune with five little girls, $1.50, and faith in God on a landfill site. From this humble origin, the college has grown to an enrollment of approximately 1,800 students offering degrees in computer science, engineering, hospitality management, human resource management, criminal justice, nursing, medical technology, as well as its traditional arts and business programs.

Indeed, as one views the 81 year history of Bethune-Cookman College and black colleges in general, it is readily apparent that a modern day miracle is unfolding made possible by support from the Higher Education Act of 1965. For example, title III enabled Bethune-Cookman to offer new majors in business, nursing, hospitality management, computer science, attract doctors to our faculty, strengthen our library, purchase computer and other equipment, establish a basic skills program and three support centers; namely, learning resources, counseling, and career placement. And finally title III delivered two endowment challenge grants. One has been matched and one is now in the process of getting matched, and all of the above enabled our colleges to more than double its enrollment, dramatically increase its economic impact, and so send forth a larger number of graduates as economically productive taxpaying citizens rather than burdens on society.

With respect to student financial aid, our students come from low-income homes of an average family size of 4.4 members with an income of $13,000.

Therefore, the Pell grant, supplemental education opportunity grants, and college work-study are essential to help our students pay the $5,800 in annual fees. Consistent with the findings reported by the American Council of Education on low-income families, Bethune-Cookman students are having to depend more and more on loan moneys as a subsidy for educational costs.

The subsidized loan program at Bethune-Cookman has increased 900 percent during the last 7 years. In academic 1977–78, we had 170 students apply for loans totaling $276,000. Today those figures have grown to $2.8 million requested by 1,022 students.

In closing, I submit the following recommendations. Bethune-Cookman proposes a maximum Pell grant of $4,200, which is based upon $1 of aid for $1 of need with special provisions for low-income students and the continuation of the Supplementary Education Opportunity Grants Program.

Second, in view of the fact that 80 percent of all of the black colleges will be dropped from title III in 1987 and Bethune-Cookman in 1986, we urgently call for the approval of the Simon-Hawkins institutional aid bill which helps black college to continue their significant contributions. These funds are needed in view of the inadequate funding of title III and for the continuation of the colleges' thrust toward excellence.

Initially, these programs were designed for these colleges. We hope that the 80 percent that will be dropped will not be drastically affected if this program is approved.

Finally, Bethune-Cookman College strongly endorses the continuation of part C, the Challenge Grant Act, which helps black colleges increase their endowments in cooperation with the private sector. We have an educational miracle occurring at Bethune-Cookman College in particular and black colleges in general, a miracle that began at our school with Mary McLeod Bethune who dared to dream of an educational institution for black children when other doors were closed, who made her dream a reality, both at the college and nationally, and who dared to bequeath her legacy of excellence, faith, and hard work to all of America.

Bethune-Cookman College supports the reauthorization of the act in toto with the Simon-Hawkins bill approval most emphastically.

[The prepared statement of Dr. Bronson follows:]

Testimony of

OSWALD P. BRONSON, SR.

Mr. Chairman and members of the Senate Subcommittee on Education, Arts and Humanities, my name is Oswald P. Bronson, Sr. I currently serve as President of Bethune-Cookman College, located in Daytona Beach, Florida. I have been fortunate to serve in this capacity for the past ten years. Prior to my appointment at Bethune-Cookman College I spent seven years as President of the Interdenominational Theological Center, located in Atlanta, Georgia. These two posts have provided me with seventeen years experience as a college president of two prominent historically black colleges. This seventeen year tenure has sensitized me to the unique and special needs, as well as mission of historically black colleges. Therefore, my comments this morning will be shared from the perspective of a veteran college administrator. Simultaneously, my tenure as a college president has made me acutely aware of the vital role that federal support, both student and institutional, has played in assisting historically black colleges in achieving their very special mission.

I am here today to present testimony which supports the reauthorization of the Higher Education Act of 1965. Specifically, I will discuss the effectiveness of programs under the Higher Education Act at Bethune-Cookman College, and present recommendations for changes which need to be considered for the future. Included in this testimony will be an examination and documentation of the effectiveness of the title III and title IV programs at Bethune-Cookman College.

Bethune-Cookman College was founded in 1904 by Dr. Mary McLeod Bethune. Dr. Bethune founded this institution with extremely limited resources. Her financial resources in 1904 amounted to one dollar and fifty cents. Here initial enrollment included five girls and her son, totaling six students. The site where this school was to grow was a landfill. With these limited resources, a dream of founding an educational institution for black children and an immeasurable faith in God, Dr. Bethune began her work of building Bethune-Cookman College. From this humble origin, the College has grown to become an institution with an enrollment of almost 1,800 students, with the largest incoming students in this year's class of 600.

The physical plant is characterized by modern facilities. The academic program includes degree offerings in the progressive and competitive areas of computer science, engineering, hospitality management, as well as degree offerings in the traditional liberal arts areas.

The College is fully accredited by the Southern Association of Colleges and Schools with our degree granting programs being accredited by the appropriate professional agencies.

Indeed, as one reviews the 81 year history of Bethune-Cookman College, it becomes apparent that a modern day educational miracle is in the process of unfolding. To think that in such a short period of time, with limited financial resources, with students coming from homes with an average of 4.4 members and an average family income of $13,692 that such a success story could be occurring.

To think that this institution is now competing with Florida State University, The University of Florida and other state institutions, with their wealth of resources, is phenomenal. Yet, this educational miracle occurring at Bethune-Cookman College in particular and other historically black colleges in general would not be possible without the support of the programs of the Higher Education Act of 1965.

Let us review the role that the title III programs have played in making this modern day miracle.

In the area of Academic Affairs, title III has provided the financial resources for some of the more innovative programs in the sector.

In 1976, Bethune-Cookman College through the Aid to Institutions with Special Needs Program, received funding to revitalize the Business Division of the College. This grant allowed Bethune-Cookman College to attract faculty with terminal degrees in business, establish a degree granting program in accounting and purchase business related equipment. These particular accomplishments were extremely valuable to the College because they created a stronger academic climate in the Business Division, which serves 40 percent of our students. During this same year monies were received to initiate a Nursing Education program. Additionally, the purchase of equipment for an academic computer which became the basis for modernization of academic and financial record systems of the institution. The latter purchase also afforded the development of a computer laboratory -- consisting of 20 terminals. Indeed, title III funds made possible Bethune-Cookman College's entry into the high technology period of our time.

Nineteen seventy six was also the year title III funds, through the former Basic Institutional Development Program, allowed us to establish the Basic Skills Program, which in turn created a program to assist in the remedial and developmental educational efforts of our students. The Basic Skills Program has been converted into a General Studies Division, which has the responsibility of coordinating and implementing the required curriculum of the students' first two years, prior to entering the major curriculum area. This Division has been central to the general strengthening of the academic skills of our students. As an indication of the success of this program, the first group of our students to sit for the state-wide College Level Academic Skills Test evidenced a 100 percent passing rate.

In 1983 Bethune-Cookman College received two very vital grants from the Special Needs title III program. The first of these grants allowed our teacher education program to develop a computer assisted competency-based training program. In a time of critical teacher shortage and teacher competency evaluation, this program allowed us to make programmatic modifications for more effective teacher preparation.

The second grant funded the establishment of a Hospitality Management Program. With our campus location in the tourism capital of this nation - Florida - this program prepares our students to assume professions in this lucrative field.

Essential to any progressive higher educational institution is a diversified Learning Resources Center. The Strengthening Developing Institutions Program provided funding for such an entity at Bethune-Cookman College. This center includes a non-print instructional media center, an audio-visual studio, renovation of the B-CC radio station, and a professional development faculty in-service program. The center is a central part of the support services offered to the faculty and students of the College.

In the area of Student Affairs, through grant funds from the Strengthening Developing Institutions Program we were able to establish two vital student service departments: In 1976, the Counseling Center and the Career Planning and Placement Center were established. The Counseling Center provides a college-wide academic advisement program and interpersonal support services for students. The Career Planning and Placement Center involves our students in professional development activities and employment placement upon graduation. Indeed, with the strong emphasis on personal and professional development which characterizes Bethune-Cookman College, these departments become essential in helping our students accomplish these goals.

The Strengthening Developing Institutions Program has also funded the establishment of an institution-wide planning, management and evaluation system through an institutional research department. This department generates and monitors the vital statistics of the College to enhance short and long range institutional planning and management.

In the area of institutional development, the title III Challenge Grant in 1984 provided Bethune-Cookman College with funds to be matched on a 50 percent basis for endowment development. I am happy to report that we were able to match this grant well within the time restrictions.

Indeed, title III funds have been a life line to Bethune-Cookman College. More importantly, these funds have represented an extremely wise investment in the future of this nation, through support of the education of a portion of this nation's youth. It should be clear that these funds initiate and sustain programs which are innovative, productive and effective. Moreover, these funds assist with the education of students who are coming from financially and educationally restricted backgrounds. Yet, Bethune-Cookman College, with the valuable support of the title III programs, has consistently progressed in meeting the challenge of channeling these students into productive careers and wholesome lives. It is interesting to note, as Congressman John Conyers has stated, that historically black colleges produce 62 percent of all black American undergraduates and 45 percent of all black Americans with the master's degree. As these institutions provide educational opportunities for a considerable percentage of black Americans, it becomes apparent that title III programs are supporting and extremely valuable educational effort.

Let us now move to a brief consideration and analysis of student financial needs at Bethune-Cookman College.

As previously stated, our students come from homes with an average family size of 4.4 members, and an average annual income of approximately $13,692. Consequently, by federal standards the average Bethune-Cookman College student is from a low income home. Without a strong financial aid package, this kind of student would not be able to afford our total annual fees of $5,827.

As a private institution, this figure is a more accurate reflection of the actual cost of the education offered than is the case in other types of higher education. Our institution, as well as other privates, does not receive the direct operating subsidies provided by state taxpayers to reduce the tuition charged to public-sector students. Therefore, the student financial aid programs of the Pell Grant, Supplemental Educational Opportunity Grant, and College Work Study are essential to making education affordable for the majority of our students. Let us review an average student financial aid profile to determine the sources of the student's financial resources.

As you can see from the student profile sheet 31 percent or $1,825 of the total tuition and fees comes from the Pell Grant. Fourteen percent or $800 is provided by the supplemental grant. College Work Study provides 22 percent or an average of $1,300. The family contribution is 9 percent or $500. Reductions in any of these categories will generate financial complications for the families of Bethune-Cookman College students.

Consistent with the observation of the American Council of Education Report on Low-Income, Bethune-Cookman College students are having to depend more on loan monies as a subsidy for educational costs. Indeed, the family size and income levels of

90 percent of our students is such that without federal assistance, education would not be possible for these youth. If this nation supports education for the many versus the few; if this nation supports the notion that an educated population is our greatest defense weapon, then the continuation of the federal assistance programs of the Higher Education Act of 1965 is a mandate.

TOTAL FIGURE = $5,827.00 (Includes tutition, room and board; does not include books, travel expenses, miscellaneous expenses.)

RESOURCE	AMOUNT	PERCENTAGE OF COSTS
Pell Grant	$1,825.00	31%
Supplemental Grant	800.00	14%
College Work Study	1,300.00	22%
State Grant	750.00	13%
Guaranteed Student Loan	650.00	11%
Family Contribution	500.00	9%

Average family size 4.4 members
Average family income $13,692.00

In closing, I am submitting the following recommendations for your consideration.

1. Bethune-Cookman College supports the National Association of Independent Colleges and Universities Pell Grant Proposal. Essentially this proposal recommends that a student

receive a dollar of aid for a dollar of need, while simultaneously assuring the living cost allowances for the lowest income student. Included in this recommendation is our support of the $4,200 per student maximum Pell Grant award.

2. Bethune-Cookman College supports the Hawkins-Simon Insitutional Aid Act Bill which will revise and modify title III of the Higher Education Act of 1965. Essential to this Bill is the elimination of the confusion surrounding institutional eligibility and a provision of direct assistance to minority institutions and traditional colleges and universities serving large numbers of low-income, minority students. We are particularly excited about the new authorization, included in this Bill, which allocates $110 million for Part B, the Black College and University Act. If passed, this Act would authorize $10 million per year for 5 years of a 10-year program of capital infusion into historically black colleges and universities, to carry out the following activities.

a. Purchase or lease of laboratory equipment for use in instruction and/or research.

b. Construction, maintenance or rehabilitation of classrooms, library or laboratory facilities.

c. Promotion of faculty exchange.

d. Development of programs in disciplines where black Americans are underrepresented.

e. Purchase of library materials (i.e., books, periodicals, microfilm) and facilities for sharing these and/or other materials.

3. I also wish to elucidate our institution's support of the continuation of Part C, the Challenge Grant Act Program. This program has been highly effective in providing funds which support the efforts of our institution to expand its capital reserves and resources.

Bethune-Cookman College, as a historical black college, is on the verge of institutional expansion. We anticipate the magnitude of this expansion to be so extensive that we are viewing our current growth phase as a renaissance period. This year our incoming class of 600 students is a record in our history. This figure is particularly significant when many institutions across this nation are threatened by declining enrollments. We have initiated and implemented a continuing education program which is operating extension centers in six cities in Florida. We are conducting feasibility studies on the establishment of graduate programs. Our students are conquering new territories of academic excellence -- best evidenced by our 100 percent passing rate on the state-wide College Level Academic Skills Test. Most importantly, these accomplishments are occurring at an institution which works with students from low-income families and often times restricted academic histories.

Yes, an educational miracle is unfolding at Bethune-Cookman College. A miracle that began with a black woman who dared to dream of an educational institution for black children, who dared to work to make that dream a reality, who dared to bequeath a legacy of faith, hard work and academic and personal excellence.

We at Bethune-Cookman College continue to carry that banner. It is our profound hope that when historians chronicle the continued development of higher education in America, they will record that the reauthorization of the Higher Education Act involving the approval of title III and the Simon-Hawkins Institutional Aid Bill, enabled institutions of higher learning in general and black colleges in particular to promote the American dream.

Thank you and good morning.

Senator **Simon**. Thank you very much, Dr. Bronson. Dr. Benjamin F. Payton, president of Tuskegee University.

Dr. **Payton**. Thank you very much, Senator Simon. I am Benjamin F. Payton, president of Tuskegee University in Alabama, an historically black institution that now enrolls more than 3,500 students. It offers 45 degree-granting undergraduate programs and 29 graduate programs in seven major schools.

I want to thank you for inviting me to participate in this discussion of the reauthorization of the Higher Education Act of 1965. I have spent most of the past 20 years professionally engaged in the field of higher education. This included 5 years service as president of Benedict College in Columbia, SC, and 10 years as program officer for education and public policy at the Ford Foundation in New York.

We have focused today on four important programs under the Higher Education Act of 1965. I am giving only a summary. The full text has been provided to the committee.

Senator **Simon**. And the full text of all of your statements will be entered in the record.

Dr. **Payton**. Thank you. First, title II, research libraries, second, title III, institutional aid; third, title VII, facilities, and fourth, title X, the Fund for the Improvement of Postsecondary Education. Of the four, the title III program of institutional aid has had the most significant impact on Tuskegee University and on historically black colleges in general, and I shall devote most of my remarks to that program and particularly in support of the Simon-Hawkins bill which calls for a specific focus of that program on black colleges.

First, with respect to title II, libraries: title II provides for assistance to college and research libraries and for library training and research. This title should be reauthorized and funded at a level which would allow for assistance to more institutions. I would urge that the committee institute a needs test in awarding resource development grants under part A, the College Library Resources Program.

Part C of title II, the Strengthening Research Library Resource Program, has been completely inaccessible to historically black colleges, and yet it is the only title II program with significant funding. In fiscal year 1986, for example, $6 million of the projected $7 million in title II funds are earmarked for research libraries programs. Since 1978, more than 133 awards have been made under this program with none to historically black institutions. The continued allocation of the lion's share of scarce title II funds to about 200 major research libraries should be reviewed carefully during this reauthorization process.

Second, title VII facilities: Title VII of the Higher Education Act authorizes grants, loans, and interest subsidies to universities for construction, reconstruction, and renovation of academic facilities. Unfortunately, few funds have been provided for this program in recent years.

Historically, black institutions have older physical plants. Over 70 percent of the institutions were established prior to 1900. Chronically underfunded by the States, our problems are acute. For example, about 50 percent of the buildings on Tuskegee's campus were built between 1890 and 1935. Many of these buildings are beautiful examples of architecture from this period, but they are difficult to maintain and even harder to adapt to modern research and teaching needs.

I wish to underscore the need for reauthorization of title VII with funding levels designed to meet real needs facing all higher education institutions.

Third, title X, FIPSE: this act creates the fund for the improvement of postsecondary education. It has established a fine record in identifying educational programs and proposing innovative solutions. I would like to see greater emphasis on the equal opportunity dimensions of the FIPSE mission.

In the past, very few of its funds have been awarded to historically black institutions.

Third, title III, developing institutions: the title III program has been very important to Tuskegee University, enabling Tuskegee to improve its faculty and its academic programs, to provide needed equipment, and to improve its management. Tuskegee is particularly proud of three new baccalaureate programs in allied health: radiologic technology, occupational therapy, and medical technology, all of which are accredited.

Title III funds also enabled the university to establish a reading and writing resource center and a biomedical information management system, the latter program based in our school of veterinary medicine.

I heartily endorse the Institutional Aid Act of 1985 as introduced by Senator Simon and Representative Hawkins, the new title III of the Higher Education Act. I would like to comment particularly on part B of this legislation, designed to strengthen historically black colleges. In the general discussion of this legislation, two fundamental questions have surfaced, a question about the percentage of black students enrolled in large urban universities, and questions about segregation.

Quickly, some observers have noted that since large numbers of black students attend other universities, they question the need for a focus on black colleges. The important problem here is that title III is an institutional strengthening program. It is not a program to support individuals. We have received considerably fewer funds from the States and the Federal Government than have the large systems which now get part of title III. I think that is unfair and is not a part of the act.

Finally, the historically black colleges do not merely enroll black students, but we graduate them. This is something that cannot be said for many of the institutions that do enroll increasing numbers of black students.

I would like, Mr. Chairman, to introduce into the record a memo done by Profs. Herbert O. Reed and Kenneth Tollett, on the subject, "The Legal and Constitutional Justification for Race-Specific Language in Title III of the Higher Education Act of 1965."

I appreciate this opportunity to come before you and thank you for your forebearance and patience.

[The prepared statement of Dr. Payton and the memo referred to follow:]

STATEMENT

OF

BENJAMIN F. PAYTON

I am Benjamin F. Payton, President of Tuskegee University in Alabama. Founded in 1881, Tuskegee enrolls 3500 students. It offers 45 degree-granting undergraduate programs and 29 graduate programs in seven major schools: Agriculture and Home Economics, Arts and Sciences, Business, Education, Engineering and Architecture, Nursing and Allied Health, and Veterinary Medicine.

Thank you for inviting me to participate in this discussion of the Reauthorization of the Higher Education Act of 1965. I have spent most of the past twenty years professionally engaged in the field of higher education. This included five years' service as President of Benedict College in Columbia, South Carolina, and ten years as Program Officer for Education and Public Policy at the Ford Foundation.

We are focussed today on four important programs under the Higher Education Act of 1965: Title II - Research Libraries; Title III-Institutional Aid; Title VII - Facilities and Title X - Fund for the Improvement of Postsecondary Education. Of the four, the Title III program of institutional aid has had the most significant impact on Tuskegee University and on historically black colleges in general. I shall devote most of my remarks, therefore, to this program. I would, however, like also to share with you some observations on each of these four titles.

Title II - Libraries

Title II provides for assistance to college and research libraries and for library training and research. Well-equipped, up-to-date college libraries are essential to the successful execution of the higher education mission. This title should be reauthorized and funded at a level which would allow for assistance to more institutions. In that regard, I would urge that the committee institute a needs test in awarding Resource Development grants under Part A, the College Library Resources program. The initiation of such a test should lead to more equitable distribution of these funds and should allow institutions with limited financial resources to derive greater benefit from the program.

I would like to note also that Part C of Title II, the Strengthening Research Library Resource Program, has been completely inaccessible to historically black colleges. Yet it is the only Title II program with significant funding. In Fiscal Year 1986, for example, $6 million of the projected $7 million in Title II funds are earmarked for the Research Libraries program. I understand that since 1978, more than 133 awards have been made under this program, with none to historically black institutions. The continued allocation of the lion's share of scarce Title II funds to about 200 major research libraries should be reviewed during this reauthorization process.

Title VII - Facilities

Title VII of the Higher Education Act authorizes grants, loans, and interest subsidies to universities for construction, reconstruction, and renovation of academic facilities. Unfortunately, few funds have been provided for these programs in recent years. Most higher education institutions are experiencing very serious problems in maintaining physical plants and even more difficulty in adapting their research facilities to keep up with technological changes. The expanding use of computers and highly sophisticated research tools calls for extensive changes and improvements in electrical and plumbing systems. A National Institute of Education study group has identified deterioration of buildings as the priority problem facing higher education institutions today.

Historically black institutions have older physical plants. Over 60 percent of these institutions were established prior to 1890. Over 70 percent date from before 1900. Chronically underfunded by the states, our problems are acute. For example, about 50 percent of the buildings on Tuskegee's campus were built between 1890 and 1935. Only about 10 percent of the buildings were constructed since 1970. While many of these buildings are beautiful examples of architecture from this period, they are difficult to maintain and even harder to adapt to modern research and teaching needs. The major science building was built in 1932. It has no air-conditioning or elevators and the electrical system is entirely inadequate for the loads that computers and other new equipment will place on it.

Our student union and our library date from 1913 and 1932 respectively. In spite of their charm, they are not functionally designed and have had to be adapted piecemeal over the years. These examples help to underscore the need for reauthorization of Title VII, with funding levels designed to meet real needs facing all higher education institutions.

Title X - FIPSE

Title X of the Higher Education Act created the Fund for the Improvement of Postsecondary Education (FIPSE). This program has established a fine record in identifying educational problems and proposing innovative solutions. Its legislative mandate is, in part, "to improve postsecondary educational opportunities by . . . . encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all, . . . " I would like to see greater emphasis on the equal opportunity aspect of FIPSE's mission.

In the past, very few of its funds have been awarded to historically black institutions. Recently, the number of awards and the dollar amounts have increased. In fiscal year 1984, about 4.3 percent of FIPSE funds awarded to higher education institutions went to black colleges. In fiscal year 1985, this percentage rose to 7.6.

One means of highlighting the need for continued emphasis on equal educational opportunity is to provide that at least one member of the National Board for the Improvement of Postsecondary Education shall be a person with a demonstrated commitment to historically black institutions. Comparable language has been used in similar legislation. I recommend that such a provision be included in the reauthorization of Title X, inserted at the end of Section 1003 (b).

Title III - Developing Institutions

The Title III program has been very important to Tuskegee University. This program has enabled Tuskegee to improve its faculty and its academic programs, to provide needed equipment, and to improve its management.

In the area of academic programs, Tuskegee is particularly proud of the new baccalaureate programs in Allied Health. This includes programs in radiologic technology, occupational therapy, and medical technology. Since the Allied Health Program was initiated in 1979, all three specialties have been accredited. In addition to adding new elements to Tuskegee's academic offerings, the program is important in increasing the pool of minority health professionals. To date, all of the graduates have received immediate employment.

Title III funds also enabled the University to establish the Reading and Writing Resource Center. This center, which is open all day, houses teaching machines; microcomputers; printers and software; a complete video recording center; workbooks; several hundred books for quick reference; and carrels for individual study. Students made over 3,400 visits to the Center during 1984-85 and made a 10 percent or greater gain in reading and writing skills. The Center has also achieved important results in the use of word processing in improving students' writing skills.

Through Title III funds, the Tuskegee University School of Veterinary Medicine has established a Biomedical Information Management System. This system rests on the premise that the quality of science instruction in veterinary medicine is determined by the availability and use of biomedical information in research, teaching, and services. The three-year old project has focussed on four primary objectives:

1. to develop a clinical database to manage clinical, administrative, and business information in the School of Veterinary Medicine;

2. to develop a select knowledge base system composed of biomedical topics to support the clinical database;

3. to integrate the clinical database and knowledge base systems in order to develop biomedical decision-making support systems;

4. to train faculty, staff and students to develop expertise in the use of computer technology.

These are a few examples of the contributions made by Title III to one institution.

I heartily endorse the Institutional Aid Act of 1985 as the new Title III of the Higher Education Act. I would like to comment particularly on Part B of this legislation, designed to strengthen historically black colleges and universities. There is an overwhelming need for this legislation. Historically black colleges have a well-documented record of providing post-secondary education for our nation's poor and minority youth. They have accomplished this with significantly fewer resources than the majority institutions.

The underlying problem with some discussions of Title III is the confusion of an institution-building program with efforts to assist needy individuals. When Title III was initiated two decades ago, its clear intent was to make federal monies available to institutions that had been forcibly kept out of the economic mainstream of American Life. As the result of this isolation, historically black institutions -- the intended focus of the legislation -- were prevented from reaching their full potential of service to the American people. Title III was intended to provide a remedy for this societal wrong by providing new resources for faculty and curriculum development, administrative and management systems.

Over the years the program has followed the pattern of countless other social programs. While they were originally intended to serve the weak, as funding levels grew, such programs were co-opted by the strong to further buttress their position in society. The method used with respect to Title III was to tie institutional aid to body counts of enrolled needy students, with no questions asked regarding the capabilities of an institution to successfully educate such students. This opened the program's resources to institutions which were already well-developed but whose fundamental service was to the children of powerful groups in American life. The proposed Part B, Strengthening Historically Black Colleges and Universities, would return Title III to its original purpose.

A question has been raised as to when black colleges would "graduate" from the Title III program. Over the years since its beginning in 1966, the preponderant share of Title III funds has already been siphoned away from HBCU's. At no point were they ever substantial enough to stimulate the level of vitality that is the HBCU's potential. Anticipated funds often fell short of what was required to achieve stated objectives. And, most importantly, only in the last two years has the program permitted the use of funds to build institutional endowments, one of the clearest signals of institutional strength. Yet, these constraints notwithstanding, Title III has been of immeasurable assistance to the historically black institutions. The miracle is that they have done so much with so little. An adequately funded Part B aimed at strengthening institutions -- not aiding individual students (other programs exist for that) -- could help some of them "graduate" in the not too distant future even as they have so successfully provided quality education and graduation for so many of their students.

In the general discussion of this legislation, two fundamental questions have surfaced:

> 1. Since a large percentage of black students today are enrolled in the large urban universities and in two-year community colleges, why should black colleges receive special federal funds?
>
> 2. Why do we need black colleges any more? Don't they perpetuate segregation?

I would like to comment on both of these questions.

1. Some observers have noted that some of our large urban universities enroll many more black students than a single black college and yet receive fewer Title III dollars. Such a comparison can be very misleading. The comparison, for example, between a large urban university system enrolling more than 50,000 black students and a smaller black institution enrolling less than 5,000 ignores both the fundamental differences in the nature of the two institutions and the total resources available to them. One fully public system received state support in a single year amounting to over $500 million.

On top of this state support, this system received from the federal government $140 million in 1980; almost $112 million in 1981; and $87 million in 1982, according to the National Science Foundation's reports on federal support to universities. The same university system is reported to have received $11 million in Title III assistance to developing institutions.

Tuskegee University, by comparison, is an independent quasi-public institution that received support from the state of Alabama in 1984-85 amounting to $1.5 million. During the same period, the National Science Foundation reports that Tuskegee received federal funds amounting to $10 million in 1980; $10.4 million in 1981; $8.7 million in 1982; and $10.6 million in 1983. State support to Tuskegee University for that entire four-year period amounted to $5.6 million, markedly less than the $500 million received by the state system described above. Clearly the historically black colleges and the urban publicly - supported universities operate in a different financial universe.

2. Both the historically black colleges and the rapidly-expanding junior and community colleges play an important role in providing educational opportunities to black and other minority students. The roles played by these two kinds of institutions are, however, quite different. There is no basis for comparing black enrollments at these dissimilar institutions and trying, on that basis, to draw conclusions about the number of Title III dollars they might need.

Forty-two percent of black students were enrolled in two-year institutions in 1980. For many of these students in this nation's large urban centers, the training offered at a two-year institution may provide the only ticket out of a ghetto of hopelessness and despair. It may mean the difference between welfare and a steady job. Many of these students, however, do not complete the Associate of Arts degree or go on the complete a baccalaureate degree. National Center of Education Statistics data show that, in 1973, 48.7 percent of black students dropped out of two-year institutions; 27.2 percent of black students dropped out of four-year institutions.*

Students at two-year institutions also have a higher risk of being unemployed and, when working, earn less than do students with four or more years of college. Current Labor Department data show that blacks with one to three years of college have a 10.6 percent unemployment rate. Those with four years or more have a rate of 5.4 percent.** Similarly, in 1981 median income for black males with one to three years of college was $14,657; those with four years of college had an income of $17,523. The disparity in earning power based on years of college was only slightly less for black women.***

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*NCES, National Longitudinal Study, _Withdrawal from Institutions of Higher Education_, 1977.

**US Department Labor, _Bureau of Labor Statistics News_, USDL -85-355, 1985.

***US Bureau of the Census. _Current Population Reports_, cited in _1984-85 Fact Book_, ACE, _Table 15_.

These data underscore the economic importance, for our young people and for the nation, of directing adequate resources to those institutions with a proven record of motivating and directing our youth to reach for their greatest potential. Educational opportunities must be provided for all, whatever their potential. We cannot, however, gloss over the real qualitative and economic differences which can flow from completing a four-year versus a two-year course of study.

Fortunately, the community and junior colleges have recognized their complementarity of interests with the nation's historically black colleges and have, through the American Association of Community and Junior Colleges, endorsed the proposed legislation for strengthening the nation's historically black colleges, under a revised Title III.

3. Discussions of historically black colleges often ignore important qualitative differences in the experiences of black students in historically black colleges as compared to other institutions. These differences are reflected in the higher proportion of HBCU graduates who go on to obtain advanced degrees.

Psychologist Jacqueline Fleming's recent study, Blacks in College, found that black colleges may well foster greater intellectual and personal development of black students than do predominantly white schools:

> In white college environments, black students may fail to exhibit the cognitive growth observed in white classmates and in their counterparts at black colleges because they fall prey to the feelings of alienation and estrangement. They are less likely to develop motivating relationships with faculty or to feel a part of campus life.*

Dr. Fleming's findings help us understand National Research Council data demonstrating that the nation's historically black colleges have been and remain the most fertile breeding ground for black graduates who ultimately earn advanced and professional degrees.** The National Advisory Committee on Black Higher Education compared 20 historically black colleges and 20 predominantly white institutions from which the largest number of black Ph.D recipients earned their baccalaureate degrees. They found that black institutions, constituting three percent of all institutions of higher education, provide undergraduate training to over 50 percent of all black Americans who eventually earn doctorate degrees. Tuskegee University, with a 1980 undergraduate enrollment of 3,231 students provided undergraduate education for 103 black Ph.D's, ranking sixth among the twenty HBCU's. The first-ranked predominantly white institution had a 1980 undergraduate enrollment of 21,591 students but provided undergraduate education for only 109 black Ph.D.'s***

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*Fleming, Blacks in College (San Francisco, 1984).

**National Advisory Committee on Black Higher Education and Black Colleges and Universities, Black Higher Education Fact Sheet, No. 11, May 1982, p. 3.

***Ibid, p. 4.

The 1985 College Board Study, Equality and Excellence, further noted the role of black colleges:

> Although predominantly black colleges enrolled only 27 percent of black college students in 1980 (as compared to more than 50 percent prior to 1970) and accounted for only 34 percent of all blacks' undergraduate degrees in 1980-81, they granted more than 40 percent of all degrees for blacks in agriculture, computer sciences, biology, mathematics, physical sciences, and social science.*

Focusing on one technical field, recent data show the historically black colleges graduated proportionately more engineers than other institutions. In 1983-84, for example, Prairie View A & M University graduated 97 black engineers, the largest number of any single institution -- black or white. Tuskegee University graduated 74 engineers, the third largest number of any single institution -- black or white. Of the 26 institutions which graduated twenty or more black engineers, black institutions averaged 60.4 graduates per school. Predominantly white institutions averaged 35.9 students per institution. Stated otherwise, seven black schools produced 432 engineers; 19 predominantly white institutions, 683 engineers.**

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*The College Board, Equality and Excellence: The Educational Status of Black Americans, New York, 1985, p. 2.

**Black Issues in Higher Education, June 1985, p. 2.

The institution with the second largest number of engineering graduates -- Georgia Institute of Technology -- participates in a dual degree program with the Atlanta University Center. Under this program, students complete five years of study and receive a Bachelor of Science degree from an Atlanta University Center institution -- Morehouse, Spelman, Clark, or Morris Brown -- and a Bachelor's degree in Engineering from Georgia Tech. Viewed in this way, it is clear that historically black institutions made an even greater contribution to training this nation's engineers.

All of these data show that historically black institutions, rather than keeping blacks separate, in fact do an outstanding job of preparing them to participate fully in American society. Dr. Fleming's study demonstrates that:

> Rather than acting to maintain segregation, black colleges appear to effectively impart the orientation and skills that allow black students to function well in the larger society: aspiration, confidence, motivation, and the ability to enjoy competition in the integrated world.*

Why do we need black colleges any more? I believe we need black colleges for the same reason that Roman Catholics need a Fordham or a Notre Dame, Jews need a Brandeis, or the Mormons need a Brigham Young. This is a society which consists not of a sandpile of isolated individuals. We live in communities and require strong community institutions to nurture individual growth and development. We also will need black colleges for as long as this society remains diverse, pluralistic, and therefore free. Black colleges exist not merely because of lingering racism; they exist for more positive reasons -- reasons which affirm black people as people, and which provide opportunities for learning in an environment that challenges them all the more because it first recognizes them simply as persons. In this kind of society, people need institutions to nurture them, to push them along -- and to protect them.

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*Fleming, Blacks in College. (San Francisco, 1984), p. 153.

Thank you very much for giving me this opportunity to share these views with you today.

MEMORANDUM

TO: Race Specific Discussion Group

FROM: Herbert O. Reid, Legal Counsel, NAFEO
Kenneth Tollett, Director, ISEP Kenneth Tollett
Gabrielle Woods, Legal Research Assistant, ISEP GWoods

SUBJECT: The Legal and Constitutional Justification for Race Specific Language in Title III of the Higher Education Act of 1965

DATE: March 6, 1984

Statement of the Facts

The Higher Education Act of 1965 will expire in 1985. Title III of this Act was originally designed to provide direct institutional aide to Historically Black Colleges and Universities, which were euphemistically called "developing institutions." It was believed that Congress would not have enacted race specific language at that time. However, this vague language has created difficulty in establishing eligibility criteria, targeting funds, and evaluating institutional progress. As a result, funding for Black Colleges and Universities has been erratic and inadequate. In 1966, 1971, and 1972 Historically Black Colleges and Universities received as much as 60% of the funds allocated for Title III and in 1980 they received only 14%. This figure rose to 31% in 1982. From 1966 through 1982 only 41% of the total appropriated funds for Title III went to Black Colleges and Universities.

A method of correcting the deflection of Title III from its original principal purpose is to make it race specific. The following issues, conclusions, and discussions analyze the legal and constitutional justifications for race-specific language in Title III of the Higher Education Act of 1965.

Issues, Conclusions, and Discussions

I. Issue: Are the Reconstruction Amendments of the United States Constitution, particularly the Equal Protection Clause of the Fourteenth Amendment, colorblind?

Conclusion: No, they were enacted for the purpose of protecting the rights of the newly freed slaves and to facilitate their equal treatment and full citizenship participation.

II. Issue: What is the scope of the power of the Congress to enforce the Reconstruction Amendments?

Conclusion: The Power of Congress to enforce the Thirteenth, Fourteenth, and Fifteenth Amendments is as broad as that under the Necessary and Proper Clause of Article I, Section 8.

III. Issue: Have the federal government, state and local governments, and society failed to eliminate the badges and incidents of slavery or to remedy segregation, discrimination, or the unequal protection of the laws?

Conclusion: Yes, however, an amendment to Title III which provides funds for Black Colleges and Universities would be a limited, but legitimate, means for the government to correct its failure to eliminate the badges and incidents of slavery and remedy effects of societal discrimination and segregation.

I. Discussion

The Reconstruction Amendments were adopted to free the slaves and to overrule Dred Scott v. Sanford, 60 U.S. (19 How.) 393 (1857), by making Blacks citizens of the United States and the states in which they resided; to secure to Blacks the privileges and immunities and equal protection of the laws which whites enjoyed; and to guarantee the rights of Freedmen to vote. They were not adopted primarily to protect women, the environment, consumers, homosexuals, Indians, Chicanos, aliens, illegitimate off-spring, the poor, or any other minority group, class, or things.

With the adoption of the Reconstruction Amendments and Civil Rights Acts -- Civil Rights Act of 1866, 14 Stat. 27 (codified at 42 U.S.C. §§ 1981, 1982 (1976); Enforcement Act of 1870, 16 Stat. 140 amended 16 Stat. 433 (1871) (codified at 42 U.S.C. §§ 1981-1985 (1976)); Anti-Ku Klux Klan Act of 1871, 16 Stat. 437 (codified at 42 U.S.C. § 1985 (1976)); Public Accommodations Act of 1875, 18 Stat. 335 (codified at 42 U.S.C. 1971 (1976)) -- Congress initiated a counterattack against the constitutionalization of racism. For the constitutuionalization of racism, see, Article II, Section 2 (slaves counted as 3/5 of persons for taxes and representation); Article I, Section 9 (migration and importation of slaves (3/5 persons) not to be prohibited prior to 1808 and limitation on taxation of slavery); Article IV, Section 2 (escape slave clause); Article V (prohibition of amendments to constitutional provisions protecting slavery prior to 1808). The counterattack was enacted to make the American Dream a reality for Blacks. The Reconstruction Amendments and Civil Rights Acts were proposed and adopted or enacted in response to (1) widespread abuse of the Freedmen by lynchings and floggings; (2) denial of their right to contract, acquire property, or testify in court where a white person was a party; and (3) withholding from Blacks the right to vote and the minimal respect civilized human beings afford others.

Speaking for the Court in the Slaughter-House Cases, 83 U.S. (16 Wall.) 36, 71-72 (1873), Justice Miller stated:

> We repeat, then, in the light of this recapitulation of events, almost too recent to be called history, but which are familiar to us all; and on the most casual examination of the language of these amendments, no one can fail to be impressed with the one pervading purpose found in them all, lying at the foundation of each, and without which none of them would have been even suggested; we mean the freedom of the slave race, the security and firm establishment of that freedom, and the protection of the newly-made freedman and citizen from the oppressions of those who had formerly exercised unlimited dominion over him. It is true that only the fifteenth amendment, in terms, mentions the negro [sic] by speaking of his color and his slavery. But it is just as true that each of the other articles was addressed to the grievances of that race, and designed to remedy them as the fifteenth.

Continuing this line of thought he further stated:

> We doubt very much whether any action of a State not directed by way of discrimination against Negroes as a class, or on account of their race, will ever be held to come within the purview of this provision [Equal Protection Clause]. It is so clearly a provision for that race and that emergency, that a strong case would be necessary for its application to any other. Slaughter-House Cases, p. 81.

Therefore, the central purpose of the Equal Protection Clause and the other provisions of the Reconstruction Amendments was to protect Blacks from oppression and discrimination imposed by the majority whites. Judge Strong stated in Strauder v. Virginia, 100 U.S. 303, 310 (1880), that "... its [the Fourteenth Amendment] design was to protect an emancipated race, and to strike down all possible legal discrimination against those who belong to it."

II. Discussion

The enabling clauses of the Thirteenth, Fourteenth and Fifteenth Amendments conferred on Congress the same power of enforcement as the Necessary and Proper Clause of Article I, Section 8 of the original Constitution. Justice Marshall stated, the reach of those powers in McCulloch v. Maryland, 17 U.S. (4 Wheat.) 316, 421 (1819), saying:

> Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution are constitutional.

Section 5 of the Fourteenth Amendment was held to have the same broad scope in Ex Parte Virginia, 100 U.S. 339, 345-346 (1880), where it was stated:

> Whatever legislation is appropriate, that is, adapted to carry out the objects the amendments have in view, whatever tends to enforce submission to the prohibitions they contain, and secure to all persons the enjoyment of perfect equality of civil rights and the equal protection of the laws against State denial or invasion, if not prohibited, is brought within the domain of congressional power.

Clearly, these tests show that race specific remedies are appropriate when enacted to enforce the Thirteen, Fourteenth, and/or Fifteenth Amendments, particularly when the remedies are consistent with the meaning and spirit of the Constitution.

In the exercise of its broad power to enforce the Reconstruction Amendments, Congress may determine the scope of the problems which the Amendments address and devise appropriate means to remedy them. Referring to another constitutional grant of legislative power, Chief Justice Marshall commented on this authority in Gibbons v. Ogden, 22 U.S. (9 Wheat.) 1 (1824):

> This power, like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations other than are prescribed in the Constitution.

More recently, in Jones v. Alfred Mayer Co., 392 U.S. 409 (1968), Katzenbach v. Morgan, 384 U.S. 461 (1966), South Carolina v. Katzenbach, 383 U.S. 327 (1966), the Court discussed this authority as it related to the Thirteenth, Fourteenth and Fifteenth Amendments.

In Jones the Court held that Congress' authority to enforce the Thirteenth Amendment by appropriate legislation included the power to eliminate all racial barriers to the acquisition of real and personal property. Quoting the Civil Rights Cases, 109 U.S. 3, 20 (1883), the Court stated that the Enabling Clause of the Thirteenth Amendment enabled Congress to do much more than "abolish slavery and establish universal freedom." The Court continued:

> [T]hat Clause clothed "Congress with power to pass all laws necessary and proper for abolishing all badges and incidents of slavery in the United States." Jones at 439.

The Court also averred that Congress is empowered to rationally determine what the badges and incidents of slavery are and to enact legislation based on that determination.

In Katzenbach v. Morgan, § 4 (e) of the 1965 Voting Rights Act was challenged as unconstitutional because it prohibited the enforcement in certain cases of New York's statutory requirement for English literacy as a condition of voting. Upholding § 4 (e) the Court held that under the powers granted in the Enabling Clause of the Fourteenth Amendment Congress could invalidate state law even where the state law had not been adjudged to violate that amendment. The Legislative power should not be confined to "particularizing the 'majestic generalities' of § 1 of the amendment," ibid., p. 649, rather, "[c]orrectly viewed, § 5 is a positive grant of legislative power authorizing Congress to exercise its discretion in determining whether and what legislation is needed to secure the guarantees of the Fourteenth Amendment." Ibid., 651.

The Court in South Carolina v. Katzenbach saw that "[a]fter enduring nearly a century of systematic resistance to the Fifteenth Amendment, Congress might well decide to shift the advantage of time and inertia from the perpetrators of the evil to the victim," and upheld provisions of the 1965 Voting Rights Act which were a "complex scheme of stringent remedies" to correct voting discrimination. The remedies included the suspension of literacy tests and similar voting qualifications, federal review of all new voting regulations, and the assignment of federal examiners. These provisions were challenged as encroachments on an area reserved to the States by the Constitution. The Court rejected South Carolina's argument that Congress' power extended only to the prohibition of violations of the Fifteenth Amendment leaving the task of specific remedies to the Courts, and declared that Congress had the chief responsibility for implementing the rights created in § 1. These cases, Jones, Morgan and South Carolina, reflect unsuccessful attempts by private interests and the states to limit the power of Congress to enforce the spirit of the Reconstruction Amendments.

Another apparent, but not real, hurdle for race specific legislation is the "strict scrutiny test" which is applicable to state legislation. This test, which is designed to flush out invidious discrimination by states, however, is not the proper standard for the review of benign racial classifications or congressional enactments enforcing the Reconstruction Amendments, as is demonstrated by recent Supreme Court cases. Regents of the University of California v. Bakke 438 U.S. 265 (1978); United Steel Workers of America v. Weber 433 U.S. 193 (1979) and Fullilove v. Klutznick, 448 U.S. 448 (1980), are three cases where the Supreme Court modified the strict scrutiny test, upheld race-conscious affirmative action, Amendments.

In Bakke, Justices Powell, Brennan, White, Marshall and Blackmun held that Title VI of the 1964 Civil Rights Act was consistent with the spirit of the Equal Protection Clause. They agreed that race could be considered in the university admission process without violating that clause. Justice Powell regarded the use of race or ethnic background in the admissions process as suspect and rejected three of the four purposes the program purported to serve. The three rejected purposes were reducing the historic underrepresentation of minorities in medical schools and the professions, remedying the effects of societal discrimination, and increasing the number of physicians who practice in underserved communities. The fourth purpose he accepted, namely, "obtaining the educational benefits that flow from an ethnically diverse student body." See, David E. Feller, Robert M. O'Neil, Kenneth S. Tollett and William Van Alstyne "More on the Bakke Decision," 65 ACADEME 49 (1972). He rejected the second purpose only because a competent legislative, administrative or judicial body had not made findings that the University of California minority admissions program would remedy effects of societal discrimination.

Although Justice Powell was unwilling to abandon the strict scrutiny test, the remaining four viewed "whites as a class" as lacking the "traditional indica of suspectedness" to invoke the strict scrutiny standard. They measured the Davis program by a constitutional standard under which "racial classifications designed to further remedial purposes must serve important governmental objectives and must be substantially related to the achievement of those objectives." Bakke p. 359. The remaining Justices Stevens, Stewart, Burger, and Rehnquist, did not address the Equal Protection issues, basing their decision entirely upon their intepretations of Title VI.

The race conscious affirmative action plan in Weber provided that fifty percent of all openings in a union job training program would go to Black workers until the percentage of Black skilled craft workers at a Kaiser Aluminum plant approximated the percentage of Blacks in the local work force. The majority upheld the program. While declining to define in "detail the line of demarcation between permissible and impermissible affirmative action," the Court found that the program "falls within the area of discretion left by Title VII to the private sector voluntarily to adopt affirmative action plans designed to eliminate conspicuous racial imbalance in traditionally segregated job categories." Weber, p. 209.

Relying on Morgan v. Katzenbach, 334 U.S. 641 (1966), Chief Justice Burger in Fullilove v. Klutznick, 448 U.S. 448 (1980), rejected the strict scrutiny test and upheld a minority business set aside provision of the Public Works Employment Act of 1977, based, inter alia, on Congress' broad powers under the enforcement clause of the Fourteenth Amendment. This is the appropriate standard of review for a race-specific Title III.

Today the law is crystal clear that where appropriate adjudicative, legislative or administrative findings of racial discrimination have been ~~made, race~~ may be used as a factor in shaping remedies. Regents of University of California v. Bakke, 438 U.S. 265 (1978); United Steelworkers of America v. Webber, 443 U.S. 193 (1979); Fullilove v. Klutznick, 448 U.S. 448 (1980). See Reid, "Assault On Affirmative Action: The Delusion of a Color-Blind America," 23 Howard Law Journal 381 (1980); Smith, "Managing in a Multi-Racial Workforce," 40 Federal Bar News and Journal 163 (1981).

Congress then, has the authority, indeed, the obligation, to determine whether the condition of Blacks in America, particularly the disadvantaged and underdeveloped state of Black colleges and universities, is a badge and an incident of slavery and the result of societal discrimination and segregation. Having made that determination it is clear that the enhancement of those institutions by way of making Title III race specific would be an appropriate means of enforcing the intendments of those Amendments.

III. Discussion

Since the Seventeenth Century, Blacks, placed in a caste-like system which perpetuated severe oppression, have sought to be free from the reigns of disparate treatment based upon their race and the color of their skin. They have aspired toward obtaining that due process and equal protection of the laws afforded to citizens of the United States. Due to their persistently disadvantaged position in society, the struggle for equality has been an arduous one. In fact, a supposititious equal treatment of the races would not be sufficient for Blacks, who have not been afforded the opportunities of other ethnic groups historically, to stand on equal footing with such groups in our society. See Ronald Dworkin, Taking Rights Seriously (1977).

Congress has been vested with the authority to enact legislation to eradicate the continuing effects of past discrimination towards Blacks through the Enabling Clause of the Fourteenth Amendment to the Constitution. That Amendment, in conjunction with the Thirteenth and Fifteenth, was designed to afford Blacks an opportunity to fare equally in our societal structure. Thus race specific legislation, when enacted by Congress, must serve governmental objectives toward the elimination of disparity of treatment and the achievement of equality of the races.

Since the Civil War and the Thirteenth Amendment abolished the institution of chattel slavery in the United States, Blacks have been the victims of the systematic efforts of individuals and state and local governments and the federal governments to exclude them from full participation in the American dream, fettering their economic and social advancement. This is reflected by every indicator of social well being in the Black community today. According to the "First Annual Economic Outlook for Black America," in Black Enterprise, January 1984, Black America is in a state of crisis.

The estimated Gross National Product for 1983 was $3314.3 billion and Americans earned $2,198.1 billion in money income. Blacks' share of income was estimated at $160.5 billion or 7.3% of the total, although they constitute 12% of the American population. This is 39% short of parity. The median income for Blacks was $13,598 or 55% of the white median income of $24,893. The median income for Black single women who were heads of households was only $7,458, and over 40% of Black families fall into this category. Of the Nation's Black families 36.5% earn incomes below the poverty line of $9,862 for a family of four. Only 12% of whites are similarly situated. The Black unemployment rate for 1983 was 18.5% and an astounding 40% for Black teenagers. The overall unemployment rate for 1983 was 8.1%.

Blacks are badly underrepresented in the nations elective offices. Although they have increased four- or fivefold since the Voting Rights Act of 1965, they make up ess than 1% of the Nation's elected officials.

The Historically Black Colleges and Universities which have been a wellspring of hope for Black Americans to provide a means by which they could improve their situation are also in a disadvantaged state. Professor Herbert O. Reid, Charles Hamilton Houston Distinguished Professor of Law at Howard University, has written:

> They have been menders, healers for wounded minds and restless souls. They have produced sterling talent which benefitted this Republic beyond measure of calculation -- not only in material contribution, but intellectual, cultural, moral, and spiritual offerings. In a number of instances Black institutions have been more profoundly representative of the American Ethic than the larger, more affluent, schools of higher education in this country. Indeed, they have been and remain today a domestic "Marshall Plan" committed to a public offering of educational attainment. National Association for Equal Opportunity in Higher Education, *Amicus Curiae* Brief, at 17-18, *Adams v. Richardson*, *356 F. Supp.* 92 (D.D.C. 1973) *480 F. 2d 1159* (D.C. Civ. 1973), supplemental order sub. nom., *Adams v. Weinberger*, 391 F. Supp. 269 (D.D.C. 1975).

The continued legitimacy of these institutions was established in *Adams v. Richardson*, 356 F. Supp. 92 (D.D.C.) aff'd 480 F 2d 1159. Dr. Kenneth S. Tollett, Distinguished Professor of Higher Education at Howard University, has written:

> The Adams Court (United States Court of Appeals for the District of Columbia Circuit), in affirming the District Court's order regarding the commencement of compliance proceedings under Title VI of the 1964 Civil Rights Act and in response to Professor Reid's NAFEO brief, decreed that, in the "desegregation" or the integration process, the historically Black higher educational institutions should not bear the major burden and that their "special problems," as well as those of minority students, should be taken into account. K. Tollett, Black Colleges As Instruments of Affirmative Action at 60 (1982). See also Presidential Exec. Order No. 12232 3 C.F.R. 274 (1980) Historically Black Colleges and Universities; and Exec. Order No. 12320 3 C.F.R. 176 (1981) Historically Black Colleges and Universities.

Many of the Historically Black Colleges were established during Reconstruction. Over the years the charitable interest in Black Colleges has dwindled and as a result those institutions which have depended on such support have had to continue to operate with small budgets and deteriorating facilities. Discriminatory funding patterns have led to the unequal status of historically Black state supported institutions. The federal government also shares responsibility for the grossly inadequate and discriminatory funding of the Black institutions of higher education. These funding patterns are throughly documented in Small Change: A Report on Federal Support for Black Colleges (1972). See also, W. Blakey, "Black Colleges and Universities: Desegregation, Disintegration or Equity?" 7 ISEP Monitor 11 (1983).

The survival and enhancement of these institutions are crucial to the survival and the future of Black America. Education is a critical tool for the improvement of Black Americans' condition and the Historically Black Colleges and Universities serve important and unique educational functions for Black Americans and higher education as a whole. They provide creditable models for aspiring Black youth from disadvantaged and oppressed backgrounds who need to see other Blacks manage and operate important affairs. They provide cultural and psycho-social settings which many Blacks find more congenial than those at predominantly white institutions. They contribute to the diversity of the American educational system and thus expand educational choices for all Americans. Black higher educational institutions provide special group oriented transitional enclaves in which their students can prepare for and make the transition from underprivileged isolation to the mainstream. Lastly, they serve as a citadel of Black educational interest in the face of a declining interest in the education of Blacks at predominantly white postsecondary institutions. See Tollett, Black Institutions of Higher Learning: Inadvertent Victims or Necessary Sacrifices? pp. 16-19 (1981).

One may conclude that it is within the scope of the power conferred on Congress by the Reconstruction Amendments to pass legislation to raise the current social, economic, and political status of Black Americans. The proposed race specific legislation, which will further the progress of Black Americans by improving their educational opportunities, is an appropriate means for addressing one aspect of the larger problem.

Just as the condition of historically Black colleges and universities is only one of the myriad of problems facing Black Americans, it is also just one facet of the Federal Government's commitment to quality higher education for all Americans. Congress may, however, take one step at a time toward the improvement of the conditions of Blacks as a whole and the creation of a system of higher education which meets the needs of all Americans. In Williamson v. Lee Optical, 348 U.S. 483, 489 (1955) the Court addressed this issue in the following manner:

> The problem of legislative classification is a perennial one, admitting of no doctrinaire definition. Evils in the same field may be of different dimensions and proportions, requiring different remedies. Or so the legislature may think. Tigner v. Texas, 310 U.S. 141. Or the reform may take one step at a time, addressing itself to the phase of the problem which seems most acute to the legislative mind. The legislature may select one phase of one field and apply a remedy there neglecting the others. AF of L v. American Sash Co., 335 U.S. 538. The prohibition of the Equal Protection Clause goes no further than the invidious discrimination. We cannot say that point has been reached here.

Nor can we say that the point has been reached here, for as the decision in Fullilove firmly established, race-conscious Congressional enactments may be consistent with constitutional guarantees of equal protection.

The Minority Business Enterprise provision of the Public Works Employment Act of 1977, which was upheld in Fullilove, is a legislative equivalent of a race specific Title III of the Higher Education Act. In both instances, the objective of Congress is to remedy the effect of past discrimination against minorities, particularly Hispanics and Blacks, including historically Black colleges and universities in the case of Title III of the Higher Education Act. The Minority Business Enterprise provision required that all grants made by the Department of Commerce for public works projects be conditioned on the local grantee's assurance that at least 10% of the amount of the grant would be spent procuring the services of minority business enterprises. A proposed Title III which will make direct grants to Historically Black Colleges should define such colleges as institutions established for Blacks before 1964 -- the year of the enactment of the 1964 Civil Rights Act -- and whose principal missions were and are the education of Black Americans.

The MBE provision was based upon Congressional hearings concerning the problems of minority businesses and findings that "the effects of past inequities stemming from racial prejudice have not remained in the past." Chief Justice Burger further stated, "The Congress has recognized the reality that past discriminatory practices have, to some degree, adversely affected our present economic system." Fullilove, p. 465 (Quoting H.R. Rep. No. 94-468 at 1-2). History supports the conclusion that the burden of badges and incidents of slavery as well as societal discrimination have led to the underdeveloped condition of Historically Black colleges and universities and the limited access to higher education for Black Americans.

Where Congress, acting under the broad powers conferred by the Enabling Clauses of the Reconstruction Amendments, designs legislation intending to carry out the mandate of those Amendments to eliminate the badges and correct the incidents of slavery and remedy the effects of past discrimination, race-conscious remedies are an appropriate means of achieving those objectives. Fullilove v. Klutznick, 448 U.S. 448 (1980). Therefore, race-conscious appropriations to Historically Black Colleges and Universities would be an appropriate means for Congress to undertake the neglected task of bringing Blacks fully into the mainstream. Congress should reaffirm its moral and social commitment to equality of opportunity by enacting a change in the language of Title III to comport with its main original legislative intent. This will assure that these institutions, whose primary missions are to educate Blacks, will continue carrying out their critically important work for America.

A national investment in institutions that have suffered from the debilitating effects of prolonged discrimination based on race merits greater attention given the growing public demand for defensible performance standards, as well as increased competition for academically advanced students. These institutions undergird the national economy and serve as partners in the economic development of this nation and the world. By investing in these colleges and universities, the nation invests in the human capital which will help build the America of the Twenty-First Century.

Senator SIMON. I thank you. We will enter that memorandum in the record.

Next is Dr. Donald J. Donato, the president of Niagara County Community College of Sanborn, NY.

Dr. DONATO. Mr. Chairman, I am Donald J. Donato, president of Niagara County Community College in Sanborn, NY. I deeply appreciate this opportunity to offer testimony on title III of the Higher Education Act on behalf of the American Association of Community and Junior Colleges and the Association of Community College Trustees.

Niagara County Community College currently is a developing institution under the nonrenewable special needs category, part B, receiving slightly more than $100,000 for each of three academic years. We, therefore, have firsthand experience on and benefits from the current program. Niagara County's economic base historically has been highly dependent upon the durable goods sector. In turn, the county is very sensitive to cyclical fluctuations in the national economy.

Consequently, the repercussions of the national cycle of recession and recovery are intensified in our county's economy. The older manufacturing plants are among the first to suffer during such a recession and among the last to benefit from its recovery.

The recession which began in 1980 proved to be the county's most shattering economic event. That recession's repercussions went far beyond cyclical fluctuations and created permanent structural changes in the local economic base. By February 1982, the multiplier effects of plant closings and large-scale layoffs were responsible for the highest unemployment rate since the great depression. Even more distressing, nearly one-half of the jobs lost resulted from permanent closure of area plants.

During this 3-year period, 1980 to 1983, plant closings and large-scale layoffs caused the staggering loss of more than 13,000 manufacturing jobs. The county's labor force has been traumatized and disrupted because of the job loss in such a short timespan.

In 1982 Niagara County had a 14.2-percent unemployment rate corresponding to an average of 14,500 unemployed individuals during that year. Unusually high unemployment rates persisted through 1983. The annual county unemployment rate was 13.4 percent, equivalent to about 13,400 unemployed residents out of a total civilian labor force of nearly 100,000.

Early in 1983 the county unemployment rate hit the staggering level of 17.6 percent and remained in double digits throughout the year. In 1984 the average unemployment rate was 10.9 percent, and for the first 3 months of 1985 the unemployment rates were 11.2, 9.9, and 10.7 percent respectively. It is within this faltering economic environment that Niagara County Community College with title III assistance becomes a symbol of hope to the county's people. Niagara Community College was established as the 25th State university supervised 2-year college on November 8, 1962, under the provisions of the New York State community college law.

The college is a comprehensive, postsecondary institution located in the county's center, equidistant from Niagara Falls, the seventh wonder of the world, North Tonawanda, and Lockport. As a comprehensive, public, full opportunity institution, the college is designed to accommodate students for specific careers or educate them for 4-year institutions.

NCCC offers associate degrees in 25 curriculum or certificates in 10 programs. Last fall nearly 5,000 students were enrolled in credit courses. The college also serves the commnity through community education programs. Last year it enrolled nearly 10,000 students and also has enrolled over 4,000 inplant, local employee, local business, and industry employees in job retraining during 1984 and 1985. We continue in our commitment to provide quality, low-cost education for all who seek to enrich their personal, interpersonal, socioeconomic, professional, avocational, or cultural lives. We are many things to many people.

Our college's survival has been the critical benefit of title III. Our county, while supporting us minimally in a time of shrinking tax base and increased transfer payments, could not provide the adequate funding for essential improvements. Student tuition has its limits. Our current tuition of $1,050 per year far exceeds most community colleges nationally.

The State has provided increased resources, but is limited in providing more than 40 percent of our net operating budget. Without title III, the resource base I have depicted could easily lead to lower academic quality, poor institutional management, and inadequate fiscal stability.

Information becomes essential to overcome each of these possible outcomes. Title III, coupled with scant local support, allowed us to create a management information network using state of the art computer systems. Title III funds provide the difference needed to establish a viable management information system essential to our effectiveness. Without an integrated data base system, we would not be able to efficiently manage our resources. Our new registration, fiscal, and personal management systems allow us to optimize use of our current limited funds. Without them we would be unintentionally and unknowingly exasperating our limited resources.

Title III funded a new program for students which we were unable to provide ourselves. Given our county's economic failure, our young typically think jobs are not available and consider leaving the area. We lose this important human capital investment. Part of this immigration is a lack of awareness of what field to enter and what opportunities exist in our own county.

Title III funds were used to create a curriculum for this undecided student, to foster self-awareness, and through education some future end commitment for our county for our young people. The program, with over 500 students enrolled, is judged an outstanding success by both the college and our external evaluators.

Senator SIMON. I do not mean to be hurrying you along, but that red light is on. If you could summarize the balance of your statement.

Dr. DONATO. I wish to thank title III and Congress for being a beacon of hope for our community. We believe part 1, as contained in the Simon-Hawkins bill should target institutions with large disadvantaged student enrollment, and part 2 should target historically black institutions. We feel the challenge endowment grants should continue with the removal of the current eligibility standard of being either part A or part B institutions.

Our major concerns, sir, are the set-aside for the community and junior colleges, should title III not be responding to the community college's impact in enrollment by providing specific funds earmarked for such institutions. Without your establishing a set-aside, needy institutions such as NCCC do not have the resources to compete with larger and typically better resources institutions.

AACAG agrees wholeheartedly with the Hawkins-Simon bill, would include the set-aside, and would raise questions about the eligibility standards. In particular, we would ask that because certain current title III institutions neither were given the amount nor the periodicity of grants which was the congressional intent, we recommend you add language which would make institutions funded under part B eligible under the new act. I believe these recommendations in total clearly will target title III funds to the neediest institutions assuring accessibility and quality of education. I would be pleased to respond to your questions.

[The prepared statement of Dr. Donato follows:]

PREPARED STATEMENT OF DONALD J. DONATO

Mr. Chairman and Members of the Committee:

I am Donald J. Donato, president of Niagara County Community College (NCCC) in Sanborn, New York. I appreciate this opportunity to offer testimony on Title III of the Higher Education Act on behalf of the American Association of Community and Junior Colleges, and the Association of Community College Trustees.

Niagara County Community College currently is a developing institution under the nonrenewable special needs category (part B) receiving slightly more than $100,000 for each of three academic years. We, therefore, have first-hand experience on, and benefits from, the current program.

Niagara County's economic base historically has been highly dependent upon the durable goods sector. In turn, the County is very sensitive to cyclical fluctuations in the national economy. Consequently, the repercussions of the national cycle of recession and recovery are intensified in our County's economy. The older manufacturing plants are among the first to suffer during a recession and among the last to benefit from its recovery.

The recession, which began in 1980, proved to be the County's most shattering economic event. That recession's repercussions went far beyond cyclical fluctuations and created permanent structural changes in the local economic base. By February 1982, the multiplier effects of plant closings and large scale layoffs were responsible for the highest unemployment rate since the Great Depression. Even more distressing, nearly one-half of the jobs lost resulted from permanent closure of area plants.

During this three year period (1980-1983), plant closings and large scale layoffs caused the staggering loss of more than 13,000 manufacturing jobs. The County's labor force has been traumatized and disrupted because of these jobs lost in such a short time span. In 1982, Niagara County had a 14.2 percent unemployment rate, corresponding to an average of 14,500 unemployed individuals during the year. Unusually high unemployment rates persisted through 1983. The annual County unemployment rate was 13.4 percent, equivalent to about 13,400 unemployed residents out of a total civilian labor force of 99,900. Early in 1983, the County unemployment rate hit the staggering level of 17.6 percent, and remained in double digits throughout the year. In 1984, the average unemployment rate was 10.9 percent and for the first three months of 1985, the unemployment rates were 11.2 percent, 9.9 percent, and 10.7 percent, respectively. It is within this faltering economic environment that Niagara County Community College, with Title III assistance, becomes a symbol of hope to our County's people.

Niagara County Community College was established as the 25th State University supervised two-year College on November 8, 1962, under the provisions of the New York State Community College Law. The College is a comprehensive postsecondary institution located in the County's center equidistant from Niagara Falls, North Tonawanda, and Lockport. As a comprehensive, public, full-opportunity institution, the college is designed to educate students for specific careers or preparation for four-year institutions. NCCC offers: associate degrees in 25 curricula; or certificates in 10 programs. Last Fall, 4518 students were enrolled in credit courses. The College also serves the community through the Community Education Programs, which last year (1984-85) enrolled 9696 students in courses ranging from driver safety to pre-school adventure. The College enrolled 4000+ of local business and industry employees in job retraining during 1984-85.

NCCC continues in its commitment to provide high quality, low cost education for all who seek to enrich their personal, interpersonal, socio-economic, professional, avocational or cultural lives.

Our College's survival has been the critical benefit of Title III. Our County, while supporting us minimally in a time of shrinking tax base and increased transfer payments, could not provide the adequate funding for important improvements. Student tuition has its limits. Our current tuition of $1050 per year far exceeds most community colleges nationally. The state has provided increased resources but is limited in providing more than 40% of our net operating budget. Without Title III, the resource base I have depicted could easily lead to lower academic quality, poor institutional management and inadequate fiscal stability. Information became essential to overcome each of these possible outcomes. Title III, coupled with scant local support, allowed us to create a management information network using a state-of-the-art computer system. Title III funds provide the difference needed to establish a viable management information system essential to our effectiveness. Without an integrated data-based system, we would not be able to efficiently manage our resources. Our new registration, fiscal , and personnel management systems allow us to optimize use of our current resources. Without them we would be unintentionally exacerbating our limited resources.

Title III funded a new program for students which we were unable to provide ourselves. Given our County's economic failure, our young typically think jobs are not available and consider leaving the area. Part of this emigration is a lack of awareness of what field to enter and what opportunities exist in our County. Title III funds were used to create a curriculum for this undecided student to foster self awareness and, through education, some future for Niagara County. The program, with over 500 students enrolled, is judged an outstanding success by both College and external evaluations.

Thus, Title III has provided both the physical substance and psychological stimulation for the College and our County's students to persist in the adaptation to the economic changes forced upon us.

I wish to thank Title III and the Congress for being a beacon of hope for our community and the College.

You have before you a proposed Title III program. We believe Part I should target institutions with a large disadvantaged student enrollment, and Part II should target historically Black institutions. We feel the challenge/endowment grant program should continue with the removal of the current eligibility standard of being either a Part A or B institution.

My major concerns with a reauthorized Title III are two fold. First, community and junior colleges enroll more than half of all undergraduate students in the country. The student body of these institutions typically is composed of students in greater financial, academic, and psychological need than students of other institutions of higher education. Yet these colleges, and their graduates, tend to have the greatest impact on individual student lives and on the local economies by their superior job placement results. Should Title III not be responding to the community colleges' impact by providing specific funds earmarked for such institutions? You might say all institutions should be able to demonstrate their need and, therefore, "setasides" are not necessary. Yet my college has only a half time person involved in grantsmanship and development. Without your establishing a setaside, needy institutions such as NCCC, do not have the resources to compete with larger, and typically better resourced, colleges and universities. Need is not always best established by an open system especially where a certain category of institutions is so needy that they lack even the basic resources to adequately communicate their need. If you wish to serve the most needy students and their institutions, I urge you, in all fairness, to consider the community college setaside provision.

Second, the Hawkin's Bill endorsed by AACJC implies an institutional right of seven years entitlement to Title III grants. We prefer the concept which would deny eligibility for additional development grants for a period of time equal to the length of the initial grant. The intention is to provide the needed funding at critical times while not sustaining institutions indefinitely.

However, because certain current Title III institutions neither were given the amount nor the periodicity of grants which was the Congressional intent, we recommend you add language which would make institutions funded under Part B (Nonrenewable, Special Needs) for any prior year automatically eligible under Part A, subsection a(1) and (2), in the revised Title III.

I believe these recommendations in total clearly will target Title III funds to the neediest institution assuring accessibility and quality of education. I would be pleased to respond to your questions.

Senator SIMON. Thank you very much, Dr. Donato. Finally on this panel, Brother Joachim Froehlich, president of St. Anselm College. I am very pleased to have you here.

Brother FROEHLICH. Thank you, Senator. I am Brother Joachim Froehlich, president of St. Anselm College in Manchester, NH. I am most grateful for the opportunity to testify before you on possible revisions of title III. My testimony this morning is on behalf of both St. Anselm College and the New Hampshire College and University Council.

Title III has been extremely important to the development and strengthening of higher education in the State of New Hampshire. Under current regulations, St. Anselm College is not eligible for title III moneys, but we have been eligible in the past, and this assistance has been most beneficial in providing quality instructional programming that otherwise would not have been available to our students.

For instance, wtihout title III funds, St. Anselm College would not have been able to develop a learning center which assists students in developing their writing and study skills. We would not have been able to upgrade and modernize our chemistry and physics laboratories and to introduce computer-assisted instruction into these vital areas of the curriculum, and we would not have been able to develop our modern language laboratories to enable students to learn to speak rather than merely read languages of other cultures.

Even more important is the impact that title III has had on the New Hampshire Higher Education Community as a consortium of cooperating colleges with the State university system. As you may know, New Hampshire is unique in that the cooperative effort among the bachelor degree-granting institutions of our State, public and private, has continued to grow and prosper.

The New Hampshire College and University Council was begun in response to the initiative of the original title III bill. The colleges of New Hampshire have continued throughout the life of the program to apply for title III moneys as a group, reflecting the major needs of our institutions and fostering the sharing of resources and attempting to achieve economies of scale. Because cooperation in New Hampshire has been so successful and because we believe this cooperation is more important now than ever, we have some recommendations to make concerning the legislation governing title III.

First, we recommend that eligibility be based upon a set of institutional characteristics that can measure progress. We do not believe that the current system of judging eligibility on the basis of size and number of financial aid grants is workable or equitable.

Second, we recommend that grants under title III be based upon the merits of the proposal and that all colleges be allowed to compete openly and fairly for the available funding.

Third, the emphasis on cooperative efforts among colleges and universities should be restored. This should be done by placing priority on funding for cooperative arrangements among developing institutions. The cooperative program under title III had as its objective the reduction of costly duplication, thereby increasing economies. The 1965 congressional authors wisely believed that colleges should, and could, share resources rather than duplicating them. During the 1970's, all of New Hampshire's senior liberal arts colleges were members of a consortium funded in part by title III.

Indeed, New Hampshire was the only state where no college applied for an individual grant. We felt that we could gain more lasting benefits by building cooperative programs with title III seed money followed by institutional funding. During this period, the University of New Hampshire, our assisting institution, never asked for nor received a single dollar for its many contributions to the smaller consortium members. I doubt if any other State can present such a picture of cooperation.

And to back this up, three national studies pointed out the success of the New Hampshire venture. Thus, title III has been extremely important to the New Hampshire higher education community and New Hampshire in the cooperative thrust of title III works.

Fourth, funding of operational programs should be allowed when the value of these programs to the institution's long range plan and long-range health are clearly established.

Fifth, funding for admissions and development activities should be allowed. These programs are essential, especially in the decade of the eighties, to enable colleges to develop and become self-sufficient.

Sixth, when a multiyear grant is made, there should be assurances that funding beyond the first year will be forthcoming so that colleges can truly plan to carry out the programs.

These are the major points I wish to make this morning. They are spelled out and supported in some detail in the written testimony I have submitted. In summary, it would be difficult to overstate the beneficial aspects the title III program has had upon American higher education and particularly upon the colleges of New Hampshire. We believe it will continue to have a powerful effect in the years to come, particularly if some of these recommendations are considered favorably.

I am most appreciative of the time and consideration that you have given and will give to our ideas and comments and for the opportunity to testify.

[The prepared statement of Dr. Froehlich follows:].

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Office of the President

Testimony of

Brother Joachim W. Froehlich, O.S.B.
President of Saint Anselm College

on behalf of

Saint Anselm College
and
The New Hampshire College and University Council

regarding

Reauthorization of the Higher Education Act of 1965

United States Senate
Committee on Labor and Human Resources
Subcommittee on Education, Arts and Humanities
September 19, 1985

SUMMARY OF RECOMMENDED CHANGES IN TITLE III LEGISLATION

(1) Eligibility Criteria: Utilize institutional, rather than student characteristics.

(2) Competition for Awards: Awards should be made on the merit of the proposals with all eligible institutions having an equal opportunity to compete for available funding.

(3) Cooperative Arrangements: Give priority to programs that mandate cooperation among institutions. Allow participation by institutions not receiving Title III whenever it strengthens Title III recipients.

(4) Allow Funding of Operational Programs: Current restriction that all activities must be "Developmental" eliminates programs of great value. Allow "Operational" activities.

(5) Allow Admissions and Development Activities: Both are necessary if colleges are to become fiscally self-sufficient. Fund for a sufficient number of years to achieve stated goals.

(6) Duration and Termination of Grants: Set formulas that make colleges ineligible for a number of years following a multi-year grant.

(7) Assure Funding: When multi-year grant is made, assure the funding will be forthcoming unless reduced by Congress.

Mr. Chairman and Members of the Sub-Committee:

I am Brother Joachim Froehlich, President of Saint Anselm College in Manchester, N.H., and I am appearing both for the College and in behalf of members of the New Hampshire College and University Council, some of whom receive Title III cooperative funds.

The Cooperative Program under Title III had as its objective the reduction of costly duplication thereby increasing economies. The 1965 Congressional authors wisely believed that colleges could and should share resources rather than duplicating them. During the 1970's, all of the New Hampshire Senior Liberal Arts colleges were members of a consortium funded in part by Title III. Indeed, New Hampshire was the only state where no college applied for an individual grant. We felt we could gain more lasting benefits by building cooperative programs with Title III seed money followed by institutional funding. During this period, the University of New Hampshire, our assisting institution, never asked for nor received a single dollar for its many contributions to the small consortium members. I doubt if any other state can present such a picture of cooperation. To back this up, three national studies pointed out the success of the New Hampshire venture. Thus Title III has been extremely important to New Hampshire Higher Education, and New Hampshire made the cooperative thrust of Title III work.

In 1980, when the eligibility criteria was changed, eight of our colleges became ineligible and one that had not been eligible because of its size -- University of New Hampshire -- became eligible. The consortium continues, but only four colleges can apply for and receive cooperative Title III funding. Saint Anselm is not one of them. It was, however, eligible to participate in the Challenge Grant Program for which it is grateful.

In New Hampshire, Title III has had a major impact on the welfare of small colleges. We hope that you will consider our requests to amend Title III legislation so that we once more can unite all our colleges in a cooperative effort. Please note all of the baccalaureate colleges in the state are in the consortium. We are the only state that has effected such cooperation among public and private colleges. Indeed, last year a representative of the Carnegie Commission visited New Hampshire to determine why we are getting along so well in the light of the conflict raging between public and private colleges in other states. I like to think this cooperation is one of the most valuable contributions Title III has made.

Mr. Chairman, speaking for colleges that are current recipients of Title III, and those that formerly participated in the program, I should like to apprise you and the Committee of our concerns.

DEFINITION OF DEVELOPING INSTITUTIONS

The Higher Education Act of 1965 used the term "developing institutions" for those it identified as eligible for funding.

If one goes back to 1976 and reviews testimony before the subcommittee of Labor and Public Welfare of Broadus Butler, a distinguished educator, together with Commissioner of Education, Francis Keppel, the rationale for the term "developing" is clear and logical.

Dr. Butler, in support of the use of the title, "Developing Instituions," states ... "The term is quite appropriate because it has implied in it that a college shall have a purpose and an explicit plan which it shall submit ...".

With the definition of who was to be supported, i.e., "developing institutions," came the need to develop criteria that defined those institutions. The criteria would and did then become the measure of who was eligible.

As Butler and Keppel compared institutions throughout the nation, developing institutions came to be defined by their limitations. Both men clearly believed that there was a basic level of institutional resources below which an acceptable level of educational service was difficult to provide. They presented the Subcommittee with the following characteristics:

CHARACTERISTICS OF DEVELOPING INSTITUTIONS

Described by Francis Keppel

1) Has limited financial support and small endowment.
2) Has relatively high dropout and transfer rates
3) Has a slim catalogue of offerings.
4) Has difficulty attracting and retaining high quality faculty members.

Described by Broadus Butler

1) Has inability to compete for highly qualified personnel.
2) Has excessive teaching loads militating against research and other activities for continued personal development.
3) Has inability to maintain quality and continuity because of high personnel mobility and loss of contact by faculty with advances in their fields.
4) Has poor instructional salaries, depressing motivation.
5) Has lack of development office and services to bring information and guidance to the administration.

These limitations were then translated into the characteristics for program eligibility which were revised and amended in subsequent years. I am certain these characteristics and interpretations are available to the subcommittees but for ready reference I am attaching them as an appendix to my testimony.

In 1979, Title III staff proposed changing the criteria from those measuring an institution's vitality and potential, to those measuring the extent of students dependence on financial aid. The opposition to this criteria was so vigorous that institutions were "grandfathered" for the 1980-81 grant year.

In 1980, the regulations were changed and eligibility was based on the ratio of BEOG per FTE and the General (and Education) expenses per FTE. This change eliminated many colleges from the programs due to such factors as high cost of living, extensive state or institutional aid, contributed services, and, in the rural areas, "land rich, but money poor" parents.

RECOMMENDATION

We recommend that Congress require Title III to return to the former eligibility criteria wherein institutional characteristics were measured to determine eligibility. These same characteristics, we submit, measure need, a major reason for funding colleges, but of equal importance to Congress, can measure potential, an indicator for the judicious use of federal funds. The following characteristics should be considered for eligibility.

a) Endowment either standing alone or per FTE would be a good measure for determining a "Developing Institution." Most small independent colleges and universities have very small endowments. If the "Living Endowment" of church-related institutions (i.e. the contributed services of members of religious orders) were deleted from the total, those institutions would have next to nothing.
(Endowment is a current HEGIS item.)

b) Using the cost of instruction would not penalize institutions with high physical plant maintenance bills, high utility bills, etc. (Cost of instruction is a current HEGIS item.)

c) A balanced institutional budget would be a good measure of those institutions which are trying to survive. The criterion could be a balanced budget during a base year, or preferably, over a period of years prior to the application. Using this type of crierion may satisfy those Congressmen who feel that Title III is being used to shore up institutions that should probably close. To my knowledge, the Federal Government does not collect institutional budget data in total. Some is collected by HEGIS. Thus, this would be a new burden at both the Federal and institutional levels. There is, however, a precedent for collecting this information. Each institution with Title IV funds must have an independent audit accomplished and certified by auditing and/or accounting firm beyond the institution's control. The findings from such an audit are sent to the Regional Office of the DOE's Inspector General.

d) Further indication of institutional health would be faculty degree levels, library holdings per FTE, staff and faculty salary levels, admissions records, development income.

e) Student Financial Aid criteria, (i.e., Pell, SEOG, CLEP) should be replaced with the total number of financial aid recipients who received federal, state, and institutional aid, and the total dollar amount of such aid.

f) The cost of instruction per FTE should be used in place of total E&G per FTE.

Finally, program eligibility since 1981 has focused on a specific set of financial aid and education and general expenditure scales which we believe are inappropriate because:

1) Student characteristics cannot reveal an institution's stage of development nor its needs.

2) The current ratio scales cannot be used to measure an institution's progress toward developed status.

DURATION OF GRANTS

The present programs require the applicant to choose between three and seven year time frames. When a grant is awarded, the requested funding is usually reduced, but not the time frame. Thus, colleges are expected to achieve stated goals with inadequate funding.

Over the life of this program, Congress has been concerned that "no college ever graduates" from the program. We recommend that Congress limit grant programs to a specific number of years so that any institution receiving a grant then remains ineligible for the same number of years following the termination of the grant.

COOPERATIVE ARRANGEMENT

It is my understanding that when Congress authorized the program in 1965 they mandated that money be set aside to encourage colleges to cooperate. The objective was to avoid costly duplication. Congress realized they could not supply all the needs of the colleges and felt one way to extend the funds would be to have colleges share resources. Thus was born the cooperative Title III program which in turn led to the development of many consortia across the nation. From 1960 on, colleges could receive individual grants while belonging to consortia. New Hampshire, however, never went this double route. Instead the colleges agreed to submit one application -- the funds to be used for cooperative programs. In 1980, the regulations required colleges to choose between individual cooperative programs. All cooperatives except the one in New Hampshire died when double funding ended. I believe the fact that the eligible New Hampshire colleges continued to apply cooperatively shows the depth of commitment we have to this concept.

If cooperation was deemed necessary in 1965 when there were sufficient students and a dazzling array of federal programs, it is even more important now when enrollments are declining and federal student aid is drying up. Cooperation should once more be mandated in the 1986 regulations as follows:

RECOMMENDATIONS

(1) Give priority to colleges agreeing to participate in cooperative arrangements. The legislation currently states in Sec. 354 (a) that ..."The Secretary may make grants to encourage cooperative arrangements." We suggest the word "may" be changed to "shall" thus establishing priority.

(2) Provision should be made so that institutions that have contributed to a cooperative effort may continue to do so even though they are deemed ineligible for Title III. The elimination of these institutions diminishes the economies of scale and the infusion of resources for the eligible institutions of the cooperative. We suggest that the following be added to the cooperative arrangement Section 354(a):

(a) With the funds available to carry out the cooperative program between institutions eligible for assistance under the cooperative program and between such institutions and institutions not receiving assistance with this title or,

(b) When cooperative program funding specifically benefits the eligible developing institution.

(c) Such exceptions shall be made only when both types of institutions have at least a five year history of cooperation.

(3) The current requirement that the Secretary give priority to those cooperative arrangements that are "... geographically and economically sound ..." should be retained.

ACTIVITIES THAT SHOULD BE ALLOWED AND ARE NECESSARY

The objective of Title III from its beginning has been to assure the development and continuance of those small American colleges that have and will continue to make a major contribution to the Nation's educational needs. They have educated students that many other institutions have ignored and these graduates of developing colleges have gone on to make major contributions to society and to their country. Most of these colleges depend upon tuition and small gifts for their operations. All, I would guess, are tuition driven, yet Title III has denied the use of program funds to develop activities that strengthen an institution's student recruitment or fund raising capabilities. We believe if an institution is to reach developed or self-sufficient status, it will be as a result of effective admissions and development programs. We urge that development and admissions activities be sanctioned in the next legislation.

DEVELOPMENTAL VS. OPERATIONAL

Title III has struggled to limit colleges from using federal funds to carry out those activities already in place or those they should be funding institutionally. To that end, in the 1980 legislation, they limited funding to so-called "developmental" activities. This designation has led to confusion and restriction. Colleges and Title III staff have clashed over this definition with the result that some colleges have been denied, while others have been authorized to carry out the same activity. We recommend that if an activity clearly moves an institution towards self-sufficiency, it should be allowable.

SET-ASIDES

Congress must decide whether there will be open competition or certain colleges will receive favored status. As set-asides have increased, fewer dollars have been available for the majority of the nation's small colleges. Historically, black colleges and community colleges have been the major benefactors of this concept.

Set-asides have required additional funding cycles in the midst of traditional funding cycles so that appropriations can be expended before the next ones are due. In some instances, colleges have had to be funded in excess of what they originally requested to expend the set-asides; concurrently, other colleges were reduced to meet these same set-asides. Many times, in other words, the favored colleges simply have not been able to put these federal funds to good use.

We recommend that Congress have free and open competition for Title III dollars, making awards on the basis of the merits of the proposals, with all eligible institutions having an equal opportunity for funding.

UNCERTAIN FUNDING PATTERNS

Over the years that Saint Anselm has participated in Title III, we have suffered from the capricious method of funding this program. Grants are submitted and approved by independent readers. Then Title III programs and grants officers review, adjust, change and cut the program, often, it seems, on an arbritary basis. It seems to me that the uncertainty of funding from year to year (even when a multi-year continuing award has been made) makes fiscal planning and program implementation difficult. Colleges are awarded so many dollars over so many years only to see these amounts reduced when yearly budgets are submitted. We urge that when a grant is made, the amount of money recommended to carry out the program be forthcoming.

In conclusion, may I say that Title III has had, and will continue to have, a positive and lasting impact on New Hampshire. A consortium of public and private colleges share resources and support each other in times of need. My college and others have used Title III funding to initiate programs and projects to offer quality education. We are most appreciative of this vital support. And we appreciate the opportunity to submit our recommendations for the improvement of the program.

Thank you.

(A)

APPENDIX

1967 CHARACTERISTICS OF FUNDED DEVELOPING INSTITUTIONS (1)

		Mean Average	Moving Toward the "Acceptable Level" of
1.	Enrollment	1,089	1,500
2.	Endowment income or annual state appropriation	125,000	$ 900,000
3.	Tuition	556	1,500
4.	Educational and general expenditures per student	1,048	1,740
5.	Educational and general expenditures	1,141,000	2,107,400
6.	Faculty (size)	66	98
7.	% of faculty holding doctorate	26%	52%
8.	Student/faculty ratio	20	12
9.	Library volumes	51,000	157,000

(1) House hearings 1967. p. 101

1967/68 REFERENCE CRITERIA

During the 1967/68 amendment hearings, in assessing the impact of the program, Harold Moat presented referenced criteria which he labeled...: emerging criteria for determining eligibility as a developing institution." With two years' experience, these criteria identified areas where the institution was limited in resources. Grants were to be made in line with these criteria as follows:

1) Extreme financial limitations such as salaries of less than $6,000. unrestricted endowment less than $3 million, percentage cost of instruction per student less than 45%, and expenditures for library less than 5%.

2) High faculty-student ratio.

3) Limited library holdings (one-third of the generally accepted minimum requirements).

(B)

4) Low percentage (less than one-third) of the faculty holding Ph.D. degrees.

5) High percentage of students (two-thirds) on scholarships and grants in aid.

6) Poor physical facilities -- lack of funds for upkeep and maintenance.

7) Poorly prepared students.

8) Cultural, social, professional, and academic isolation.

9) Little or no foundation, alumni, or corporate support.

10) Little or no sponsored research, no faculty publications.

11) Program offerings and counseling services out of step with new opportunities.

12) Degree of concern for the development of remedial or corrective programs.

13) Dearth of faculty with scholarly backgrounds and achievements accompanied by inability to attract highly accomplished faculty due to poor institutional incentive.

14) Inadequate development offices and limited capacity for long-range planning.

1974 PERCENTILE CRITERIA

By 1974, the limitations and characteristics had been translated into percentile criteria, unfortunately, as the 1975/76 G.A.O. report documented, they were not consistently applied.

4-Year Public	5%	25%	50%	75%	95%
FTE Enrollment	672	1,702	2,372	3,224	5,290
% of Faculty w/Ph.D.	20	28	32	38	95
Average Salary/ Professor	11,460	14,040	15,467	16,315	17,888
Average Salary/ Instructor	8,000	8,696	8,905	9,485	10,840
% of Students from Low-Income Families	15	42	63	79	52
Total E&G Expenditures	988,633	2,916,666	3,917,770	5,395,140	10,280,000
E&G Expenditures/ FTE	1,101	1,617	1,863	2,402	3,183
Volumes in Library	45,000	75,233	95,000	120,430	242,191

(C)

4-Year Private	5%	25%	50%	75%	95%
FTE Enrollment	346	532	704	1,027	1,865
% of Faculty w/Ph.D.	12	24	31	40	49
Average Salary/ Professor	9,750	12,000	12,854	13,802	15,840
Average Salary/ Instructor	6,883	7,650	8,330	8,871	9,470
% of Students from Low-Income Families	10	24	44	77	94
Total E&G Expenditures	801,890	1,108,871	1,590,827	2,140,888	3,987,714
E&G Expenditures/ FTE	1,040	1,820	2,186	2,590	3,746
Volumes in Library	27,500	48,000	57,530	69,000	96,768

Senator SIMON. And finally the last member of the panel, Dr. James E. Lyons, the president of Bowie State College. I am happy to have you with us here, Dr. Lyons.

Dr. LYONS. Thank you, Mr. Chairman. I am happy to be here with you pinchhitting for Chancellor Fort who was in an automobile accident and was unable to attend.

I am the president of Bowie State College in Prince Georges County, MD, and represent an institution fairly similar to that of Chancellor Fort and I feel comfortable, therefore, in sharing some of his remarks with you.

The title III act was initially written in the 1965 Higher Education Act to assist in the institutional development of struggling, historically black colleges and universities in order to help them move to the mainstream of higher education in the United States.

Even though the act has been amended and reauthorizations approved by the Congress several times during the past 20 years, the amount of support has been increased with larger appropriations. The clientele of the bills has been broadened to include higher education institutions such as community colleges, 2-year private and public institutions, historically white and nonwhite undergraduate and graduate institutions.

The title III program has been very effective and has been a very significant program for our institutions. Having personally been employed at five colleges and universities that received title III support, I can tell you that these programs are effective.

To my knowledge, title III is the only form of institutional aid that is directly given to the colleges in the fashion that it has been over the past several years. Now, title III is set up in three parts. Part A provides strengthening institutional grants, which are designated to improve the academic quality, institutional management, and fiscal stability of eligible institutions.

Part B is designed for institutions with special needs. It is designed to strengthen the planning, management, and fiscal capabilities of developing postsecondary institutions. Part C provides challenge grants to these institutions. An institution which is eligible for assistance under parts A and B may apply for additional aid if it can match the requested challenge grant from non-Federal funds.

Now, these funds over the years have decreased as far as the historically black colleges are concerned. Since 1966 title III funding has consistently awarded smaller percentages of funds to historically black colleges and universities.

In 1966, 1971, and 1972 historically black colleges and universities received as much as 60 percent of the funds allocated for title III.

But in 1980, historically black colleges and universities' allocations diminished to only 14.9 percent of all title III appropriations. Of the total $1,744 million appropriated for title III since 1966, only about 40 percent of that has been provided to historically black colleges and universities through fiscal 1984.

Historically black colleges and universities' share of title III funding has decreased by about 50 percent since 1966. Title III funded institutions all over the country can site case studies which document the need for these particular grants.

At my own institution, I will just point out one facet that has been significant to us through the support from title III for our faculty members in the computer science and mathematics area and their ability to go to school and do additional graduate work through title III support. In Maryland, we have been able over the past 2 years to add three high demand programs to our curriculum, a masters in computer science, a masters in management information systems, and a bachelors in computer science.

We would not have been able to do this had our faculty members not been able to go to school through title III support.

I want to identify and conclude with some of the most salient points of Dr. Fort's testimony. There are some concerns. Title III has been beneficial to our developing institutions since its very inception. The 114 historically black colleges and universities have managed to survive, but the percentage of the funds are dropping, and we would like to see that changed. Our recommendations include that the Subcommittee on Education provide the leadership for sponsoring enabling legislation to modify the new legislation which will provide opportunity for these institutions funded under the noncontinuation scenario to remain eligible for title III funding until transitional safety nets are instituted. Since institutions who choose the noncontinuation mode of title III in the 4- to 7-year funding did not receive what was promised over the past several years, we are hoping that some adjustment can be made to deal with that.

We are also recommending that you and your colleagues cosponsor Senate bill 1328 and House of Representatives bill 2907, sponsored by Senator Simon and Representative Hawkins, respectively.

We want to thank you for the opportunity to come before you to discuss title III, and we hope that you will take favorable action on our recommendations.

[The prepared statements of Dr. Lyons and Chancellor Fort follow:]

BOWIE STATE COLLEGE
Henry Administration Building
Bowie, Maryland 20715
(301) 464-3200

Office of the President

October 15, 1985

The Honorable Orrin G. Hatch
United States Senate
Committee on Labor and Human Resources
Washington, D.C. 20510

Dear Senator Hatch:

The issue of the proper division of financial responsibility between student, parents, educational institutions, the private sector, and government, is a most interesting one. It often surfaces when there is a discussion about the family contribution for a student's education. Philosophically, I agree that the family should provide some money for a student's education. However, there are many families who cannot contribute anything because of their financial condition. Unfortunately, a disproportionate number of those students attend HBCU's.

I believe that the government should pick up the additional expense minus what a student might earn during the Summer. In my opinion, the private sector should be called upon to help out but not be looked upon to replace the government. The private sector can, should, and must play a major role, but it should be secondary to that of the government except where, an institution can provide very specific services for the corporation or foundation.

The other question to which I would like to respond is whether more resources for financial aid should be channeled to institutions for disbursement through them to students. As long as we are talking about students, I would have no difficulty with this additional pool of funds. However, this should not be considered an alternative to institutional support programs such as Title III. Our institutions do need assistance.

The Honorable Orrin G. Hatch
October 15, 1985
page 2

Finally, I believe that every academically talented student should have financial aid available in order that the Nation capitalize on its brain power. On the other hand, the *average* students must not be denied an opportunity. Therefore, I would object to any program that aided the "A" student and denied support for the "C" student. We have always believed in universal education in this Country. If we awarded the "A" and not the "C", the Nation would be hurt in the long run.

Senator, I appreciate the opportunity to respond to your questions.

Very truly yours,

James E. Lyons, Sr.
President

dh

CONGRESSIONAL TESTIMONY
TITLE III REAUTHORIZATION AND THE HIGHER EDUCATION BILL

Dirksen Senate Office Building
September 19, 1985

Dr. Edward B. Fort, Chancellor
North Carolina A. & T. State University

CONGRESSIONAL TESTIMONY FOR TITLE III REAUTHORIZATION AND THE HIGHER EDUCATION BILL[1]

DISTINGUISHED MEMBERS OF THE U.S. CONGRESS SUBCOMMITTEE ON EDUCATION, I AM EDWARD B. FORT, CHANCELLOR, NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY, GREENSBORO, NORTH CAROLINA

I AM INDEED HONORED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE THIS DISTINGUISHED AUDIENCE OF POLICY MAKERS IN THE INTEREST OF EXPRESSING MY VIEWS AND CONCERNS WITH RESPECT TO NEW TITLE III LEGISLATION. I AM SURE OTHER UNIVERSITY PRESIDENTS AND CHANCELLORS SHARE SOME OF THESE VIEWPOINTS.

FIRST, I WISH TO THANK EACH OF YOU FOR YOUR SUPPORT OF TITLE III LEGISLATION IN THE PAST AND I HOPE TO SOLICIT YOUR CONTINUING SUPPORT AND CO-SPONSORSHIP OF SENATE BILL 1328 AND H.R. BILL 2907.

I SHALL PRESENT MY REMARKS IN FOUR SPECIFIC CATEGORIES AND A BRIEF SUMMARY AS FOLLOWS:

I. A GENERAL OVERVIEW OF TITLE III IN HISTORICAL PERSPECTIVE;
II. A CASE STUDY OF ACCOMPLISHMENTS AT A TITLE III FUNDED UNIVERSITY (1965-1985);
III. PRESENTATION OF RATIONALE WHY COLLEGES AND UNIVERSITIES NOW PARTICIPATING IN TITLE III SUPPORT THE ESTABLISHMENT OF OBJECTIVE CRITERIA TO AVOID INDISCRIMINATE EXCLUSION OF DESERVING COLLEGES AND UNIVERSITIES.

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[1] Dr. Edward B. Fort, Chancellor, North Carolina A&T State University, Testimony before the Subcommittee on Education, Washington, D.C., September 19, 1985.

IV. A REQUEST FOR YOUR SUPPORT FOR SENATE BILL 1328 AND H.R. BILL 2907 WITH A DISCLAIMER FOR PART B AS CURRENTLY CONSTITUTED. I SHALL ASK YOU TO CO-SPONSOR THE SIMON AND HAWKINS BILLS WITH THE INCLUSION OF THE "NEW PART B" IN THESE BILLS.

V. SUMMARY OF TESTIMONY AND RECOMMENDATIONS.

I. AN OVERVIEW OF TITLE III IN HISTORICAL PERSPECTIVE

THE TITLE III ACT WAS INITIALLY WRITTEN IN THE 1965 HIGHER EDUCATION ACT TO ASSIST INSTITUTIONAL DEVELOPMENT OF STRUGGLING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES IN ORDER TO HELP THEM ENTER THE MAINSTREAM OF HIGHER EDUCATION IN THE UNITED STATES.

EVEN THOUGH THE ACT HAS BEEN AMENDED AND REAUTHORIZATIONS APPROVED BY THE CONGRESS SEVERAL TIMES DURING THE PAST TWENTY YEARS, THE AMOUNT OF SUPPORT HAS BEEN INCREASED WITH LARGER APPROPRIATIONS. THE CLIENTELE OF THE BILLS HAS BROADENED TO INCLUDE NEW HIGHER EDUCATION INSTITUTIONS SUCH AS COMMUNITY COLLEGES; TWO-YEAR PRIVATE AND PUBLIC INSTITUTIONS; HISTORICALLY WHITE AND NON-WHITE; UNDERGRADUATE AND GRADUATE SCHOOLS.

STUDIES HAVE BEEN CONDUCTED TO DETERMINE THE EFFICACY AND ACCOUNTABILITY OF TITLE III SINCE ITS INCEPTION. MOST STUDIES HAVE BEEN POSITIVE; HOWEVER, A FEW HAVE BEEN NEGATIVE REPORTS BUT PRAISE OF THE PROGRAM HAS BEEN MORE SUBSTANTIAL.

HOWEVER, I KNOW THAT, TITLE III HAS BEEN EFFECTIVE. TITLE III INSTITUTIONAL AID IS THE ONLY DIRECT INSTITUTIONAL ASSISTANCE PROGRAM WITHIN A MYRIAD OF CATEGORICAL AID PROGRAMS WHICH PROVIDES DIRECT ASSISTANCE TO QUALIFIED DEVELOPING INSTITUTIONS FOR CURRICULUM AND FACULTY DEVELOPMENT, MANAGEMENT AND IMPROVEMENT OF FISCAL SYSTEMS AND STUDENT SERVICES PROGRAMS.

ALSO TITLE III IS THE LARGEST PROGRAM IN THE U.S. DEPARTMENT OF EDUCATION THAT MAKES GRANTS DIRECTLY TO COLLEGES AND UNIVERSITIES FOR ENDOWMENTS DESIGNED TO ASSIST SMALL INSTITUTIONS IN NEED OF STRONGER FINANCIAL BASES AND SYSTEMS.

IN 1980, TITLE III WENT THROUGH A COMPLETE METAMORPHOSIS. IT WAS REWRITTEN WITH A DIFFERENT EMPHASIS AND INCREASED APPROPRIATIONS TO PROVIDE INSTITUTIONS SUFFICIENT RESOURCES IN FOUR TO SEVEN YEAR FUNDING PERIODS, UTILIZING MULTIPLE-YEAR GRANTS TO ACCELERATE THEM INTO A "DEVELOPED MODE". HOWEVER, 80 PERCENT OF INSTITUTIONS WHICH OPTED FOR THIS MULTIPLE YEAR FOUR TO SEVEN YEAR FUNDING CYCLE, WERE PROMISED TITLE III GRANTS UP TO $800,000 PER YEAR, BUT DID NOT RECEIVE GRANTS OF THAT DIMENSION. YET, THEY MAY BE GRADUATED OFF TITLE III FUNDING IN 1986, 87, OR 88. I BELIEVE WE OWE THEM ADDITIONAL SUPPORT.

CURRENTLY TITLE III AUTHORIZES THREE SEPARATE PROGRAMS: PART "A" PROVIDES STRENGTHENING INSTITUTIONAL GRANTS, WHICH ARE DESIGNED TO IMPROVE: (1) THE ACADEMIC QUALITY; (2) INSTITUTIONAL MANAGEMENT; AND (3) FISCAL STABILITY OF ELIGIBLE INSTITUTIONS.

PART "B" IS DESIGNED FOR INSTITUTIONS WITH SPECIAL NEEDS. IT IS DESIGNED TO STRENGTHEN THE PLANNING, MANAGEMENT, AND FISCAL CAPABILITIES OF DEVELOPING POSTSECONDARY INSTITUTIONS WITH SPECIAL NEEDS, DEFINED AS INSTITUTIONS WITH LOW AVERAGE EDUCATIONAL AND GENERAL EXPENDITURES PER FULL TIME EQUIVALENT STUDENTS, AND HAVING A SUBSTANTIAL PORTION OF THEIR STUDENTS RECEIVE PELL GRANTS AND CAMPUS BASED ASSISTANCE FROM THE GOVERNMENT THROUGH THEIR FINANCIAL AID OFFICES.

PART "C" PROVIDES CHALLENGE GRANTS UNDER THIS TAXONOMY. AN INSTITUTION ELIGIBLE FOR ASSISTANCE UNDER PART A OR B ABOVE MAY APPLY FOR ADDITIONAL AID IF IT CAN MATCH THE REQUESTED CHALLENGE GRANT AMOUNT WITH NON-FEDERAL FUNDS GENERATED FROM GIFTS OR NON-FEDERAL SOURCES. HOWEVER, THE POLICY HAS CHANGED, AND NOW "C" FUNDS ARE BEING USED TO ASSIST INSTITUTIONS IN BUILDING THEIR ENDOWMENTS IF THEY CAN MATCH THE FEDERAL SHARE WITH NON-FEDERAL FUNDS.

THE "DEVELOPING INSTITUTIONS" WERE TARGETED AS POST-SECONDARY COLLEGES AND UNIVERSITIES ELIGIBLE TO APPLY FOR AND RECEIVE TITLE III GRANTS. THESE WERE INSTITUTIONS DEFINED AS THOSE WHICH WERE MAKING A REASONABLE EFFORT TO IMPROVE THE QUALITY OF THEIR TEACHING AND ADMINISTRATIVE STAFFS AND THEIR STUDENT SERVICES, IN ORDER TO ENTER THE MAINSTREAM OF HIGHER EDUCATION.

SOME PROBLEMS WITH TITLE III

ACCORDING TO STATISTICS OF THE NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION, UNDER THE CURRENT TITLE III NON-CONTINUATION SCENARIO, FOUR OUT OF FIVE (80 PERCENT) OF ALL HISTORICALLY BLACK COLLEGES AND UNIVERSITIES CURRENTLY FUNDED WILL GRADUATE OFF TITLE III FUNDING BY FY 1987, EVEN THOUGH THEY WILL NOT BE DEVELOPED OR BE IN THE MAINSTREAM OF HIGHER EDUCATION.

THE FEDERAL GOVERNMENT HAS NOT ADEQUATELY FUNDED TITLE III INSTITUTIONS UP TO THE CEILING OF $800,000 PER YEAR FOR FOUR TO SEVEN MULTIPLE YEAR GRANTS; MANY HAVE NOT BEEN FUNDED FOR MORE THAN FOUR YEARS. THESE INSTITUTIONS HAVE BEEN DISAPPOINTED, YET GRATEFUL TO RECEIVE LESS THAN THE REQUESTED TITLE III RESOURCES. AS A CONSEQUENCE, MANY LONG RANGE PROJECTIONS HAVE NOT BEEN ACHIEVED BECAUSE OF A LACK OF FISCAL SUPPORT.

STATUTORY, REGULATORY, AND NON-REGULATORY INTERPRETATION OF THE STATUE IN THE FOLLOWING KEY AREAS HAS PLAGUED TITLE III:

1. THE CONTINUING INSTITUTIONAL ELIGIBILITY UNDER PART A (4-7 YRS.) OF ELIGIBLE INSTITUTIONS AFTER EXHAUSTING 5 YEARS OF PART B ELIGIBILITY.
2. THE TITLE III ELIGIBILITY STATUS OF POSTSECONDARY INSTITUTIONS WHOSE PARTICIPATION IS WHOLLY DEPENDENT ON THE ACT.
3. LIMITATIONS PLACED ON THE USE OF TITLE III FUNDS; E.G., "DEVELOPMENTAL" VS. "NON-DEVELOPMENTAL" ACTIVITIES, BY ADMINISTRATIVE MEMORANDA, RATHER THAN REGULATIONS.

4. CLARIFICATION OF THE BASE YEAR DATA REQUIREMENT TO ASSURE THAT THE MOST RECENT AND RELEVANT PELL GRANT AND CAMPUS-BASED DATA ARE USED IN DETERMINING INSTITUTIONAL ELIGIBILITY.
5. MOST SEVERE PROBLEMS: UNNECESSARY DUPLICATION OF PROGRAM FUNCTIONS IN PART A AND B, AND THE CONFUSION WHICH RESULTS IN PROGRAM ELIGIBILITY DETERMINATIONS AND CONTINUING PROGRAM PARTICIPATION.

PROFILE OF TITLE III FUNDING

SINCE 1966, TITLE III FUNDING HAS CONSISTENTLY AWARDED SMALLER PERCENTAGES OF FUNDS TO HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCUs). IN 1966, 1971 AND 1972, HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCUs) RECEIVED AS MUCH AS 60 PERCENT OF FUNDS ALLOCATED FOR TITLE III BUT IN 1980, HBCUs ALLOCATIONS DIMINISHED TO ONLY 14.96 PERCENT OF ALL TITLE III APPROPRIATIONS.

THE LEVEL OF FUNDING FOR THE PAST SEVEN YEARS IS ILLUSTRATED BELOW.

FISCAL YEAR	APPROPRIATION	AMOUNT TO HBCUs COLLEGES	PERCENT
1978	120,000,000	65,890,000	55
1979	120,000,000	49,638,551	41
1980	111,000,000	15,783,100	14
1981	120,000,000	47,779,000	40
1982	134,416,000	42,698,219	31
1983	134,416,000	50,803,943	38
1984	141,200,000	45,700,000	36

OF THE TOTAL OF $1,744,488,000 APPROPRIATED FOR TITLE III SINCE 1966, ABOUT $704,268,309 OR 40.37 PERCENT HAS BEEN PROVIDED TO HBCUs THROUGH FY 1984. HBCUs SHARE OF TITLE III FUNDING HAS DECREASED BY ABOUT 50 PERCENT SINCE 1966.

TITLE III FUNDED INSTITUTIONS HAVE MANY CASE STUDIES WHICH DOCUMENT THAT THESE INSTITUTIONS HAVE JUSTIFIED THEIR GRANTS. THEY HAVE ACCOUNTABILITY AND THE AWARDS HAVE BEEN INADEQUATE TO PRODUCE THE DESIRED RESULTS.

A CASE IN POINT, IS MY INSTITUTION, NORTH CAROLINA A&T STATE UNIVERSITY IN GREENSBORO, NC. IT IS AN 1890 LAND GRANT CO-EDUCATIONAL COMPREHENSIVE UNIVERSITY WITH 5568 STUDENTS (HEADCOUNT) AND 5141.5 FTE. ABOUT 85 PERCENT OF THE STUDENTS ARE ON

FINANCIAL AID. MANY STUDENTS ARE FIRST GENERATION COLLEGE STUDENTS FROM DIVERSE SOCIO-ECONOMIC AND CULTURAL BACKGROUNDS.

IN 1966, THE UNIVERSITY HAD A CRITICAL PROBLEM WITH AN ATTRITION RATE OF ABOUT 50 PERCENT. APPROXIMATELY 30 PERCENT OF THE FACULTY HAD TERMINAL DEGREES. RESEARCH WAS LIMITED TO A VERY FEW FACULTY. ALL MANAGEMENT PROCEDURES WERE MANUALLY OPERATED AND ABOUT 10 PERCENT OF GRADUATES PURSUED GRADUATE AND PROFESSIONAL DEGREES. THE UNIVERSITY WANTED TO ENGAGE IN PROGRAM ENHANCEMENT AND ACHIEVE NATIONAL ACCREDITATION FOR MANY OF ITS PROGRAMS.

SINCE THE INFUSION OF TITLE III GRANTS IN THE AMOUNT OF TEN MILLION DOLLARS, THE FOLLOWING INNOVATIONS AND MILESTONES HAVE BEEN ACHIEVED WHICH HAVE ELEVATED THE REPUTATION AND CREDIBILITY OF THE UNIVERSITY.

II. A CASE STUDY OF TITLE III ACTIVITIES IMPACT ON DEVELOPMENT AT NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY, 1966-1985

TITLE III ACTIVITIES FUNDED BY THE DEPARTMENT OF EDUCATION SINCE 1966, HAVE HAD A POSITIVE IMPACT UPON THE DEVELOPMENT OF NORTH CAROLINA A&T STATE UNIVERSITY. THE UNIVERSITY HAS USED TITLE III RESOURCES COST EFFECTIVELY TO ASSIST IN ACHIEVING LONG RANGE GOALS AND OBJECTIVES WHICH HAVE MOVED THE UNIVERSITY CLOSER TO THE MAINSTREAM OF HIGHER EDUCATION DURING THE PAST NINETEEN YEARS (1966-1985).

MAJOR ACHIEVEMENTS AND MILESTONES AT NORTH CAROLINA A&T STATE UNIVERSITY WHICH WERE ENHANCED WITH TITLE III RESOURCES WERE:

1. THE SCHOOL OF BUSINESS AND ECONOMICS RECEIVED NATIONAL ACCREDITATION BY THE AMERICAN ASSEMBLY OF COLLEGIATE SCHOOLS OF BUSINESS;
2. THE SCHOOL OF NURSING RECEIVED ACCREDITATION BY THE NATIONAL LEAGUE OF NURSING;
3. THE SCHOOL OF EDUCATION'S TEACHER EDUCATION PROGRAM RECEIVED ACCREDITATION BY THE NATIONAL COUNCIL FOR ACCREDITATION OF TEACHER EDUCATION;
4. THE DEPARTMENT OF INDUSTRIAL TECHNOLOGY RECEIVED ACCREDITATION BY THE NATIONAL ASSOCIATION OF INDUSTRIAL TECHNOLOGY;
5. THE MEDIA PROGRAM RECEIVED ACCREDITATION BY THE ASSOCIATION OF EDUCATIONAL COMMUNICATIONS AND TECHNOLOGY;
6. THE FOLLOWING UNITS OF THE UNIVERSITY ARE SEEKING ACCREDITATION WITH THEIR RESPECTIVE AGENCIES:
    - A. THE DEPARTMENT OF ACCOUNTING WITH THE AMERICAN ASSEMBLY OF COLLEGIATE SCHOOLS OF BUSINESS;
    - B. THE DEPARTMENT OF HOME ECONOMICS WITH THE NATIONAL ASSOCIATION OF HOME ECONOMICS EDUCATION; AND
    - C. THE PROGRAM IN LANDSCAPE ARCHITECTURE WITH THE AMERICAN SOCIETY OF LANDSCAPE ARCHITECTURE.
7. THIRTY ONE FACULTY MEMBERS OF THE UNIVERSITY UPGRADED THEIR ACADEMIC SKILLS BY OBTAINING DOCTORAL DEGREES IN THEIR RESPECTIVE DISCIPLINES;

8. NINETY-FOUR FACULTY MEMBERS RECEIVED ASSISTANCE AND PURSUED GRADUATE STUDY IN THEIR RESPECTIVE DISCIPLINES, BUT AS OF THE WRITING OF THIS REPORT HAD NOT ACHIEVED DOCTORAL DEGREES. HOWEVER, THEY IMPROVED THEIR TEACHING SKILLS AND COMPETENCIES SIGNIFICANTLY;
9. TWENTY-TWO DEPARTMENTS RECEIVED GRANTS TO STUDY, REVISE AND UPDATE THEIR RESPECTIVE CURRICULA IN THE INTEREST OF QUALITY INSTRUCTION AND RESEARCH;
10. ADMINISTRATIVE DEVELOPMENT WAS A MAJOR PRIORITY AND TWENTY-SEVEN ADMINISTRATORS PARTICIPATED IN SHORT-TERM EXPERIENCES IN MANAGEMENT, PLANNING AND CONTROL AT THE HARVARD INSTITUTE FOR EDUCATIONAL MANAGEMENT, AMERICAN MANAGEMENT ASSOCIATION, MAJOR UNIVERSITIES, AGENCIES AND CONSULTANT FIRMS AS NACUBO, UNIVERSITY OF WISCONSIN, UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL, AND THE INSTITUTE FOR SERVICES TO EDUCATION. AS A CONSEQUENCE: (1) THE UNIVERSITY HAS ON LINE A COMPUTERIZED FINANCIAL ACCOUNTING SYSTEM WHICH REPLACED THE OUTDATED MANUAL SYSTEM IN FISCAL AFFAIRS; AND (2) THE ACADEMIC AFFAIRS DIVISION HAS PLANNED, TESTED AND INSTITUTED VIABLE ACADEMIC PROGRAMS IN COMPUTER AND INFORMATION SCIENCE, NURSING, INDUSTRIAL ENGINEERING, ARCHITECTURAL ENGINEERING, ELECTRICAL ENGINEERING, INDUSTRIAL TECHNOLOGY, ACCOUNTING, EDUCATION, RESEARCH, PLANT SCIENCE, AGRICULTURAL EDUCATION AND LANDSCAPE ARCHITECTURE.

11. A PLANNING OFFICE FOR THE UNIVERSITY HAS BEEN ESTABLISHED. A VIABLE TITLE III PROGRAM HAS BEEN ADMINISTERED, COORDINATED AND HARD DATA HAVE BEEN GATHERED WHICH VALIDATE AND SUPPORT THE TITLE III CASE AS A VIABLE DEVELOPMENTAL ENTITY OF THE UNIVERSITY WHICH HAS TESTED INNOVATIONS IN FACULTY DEVELOPMENT, CURRICULUM DEVELOPMENT, ADMINISTRATIVE AND MANAGEMENT ENHANCEMENT, AND DEVELOPMENT OF STUDENT SERVICES;

12. THE UNIVERSITY HAS A LONG RANGE MASTER PLAN ON FILE WHICH IS UPDATED BIENNIALLY. THE GOALS AND OBJECTIVES OF THE UNIVERSITY ARE CONSTANTLY REVIEWED, REVISED AND ALIGNED WITH INSTITUTIONAL AND COMMUNITY NEEDS;

13. THE UNIVERSITY HAS ON FILE VIABLE MARKETING AND RETENTION PLANS AND HAS A HEADCOUNT ENROLLMENT OF 5568 STUDENTS AND AN FTE OF 5141.5 STUDENTS AS OF THE 1985 FALL ENROLLMENT REPORT; THE ATTRITION RATE IS LESS THAN 34 PERCENT;

14. STUDENT NEEDS IN THE AREAS OF COUNSELING, PLACEMENT, ADMISSIONS AND LIBRARY SERVICES HAVE BEEN IMPROVED. THE UNIVERSITY HAS ON LINE SATELLITE COMPUTERIZED COUNSELING CENTERS ASSISTED BY PEER COUNSELORS. THE PLACEMENT OFFICE RESPONDS TO NEEDS OF STUDENTS WITH A HIGHLY TRAINED STAFF AND ULTRA MODERN FACILITIES. MORE THAN 520 REPRESENTATIVES FROM BUSINESS, INDUSTRY, EDUCATION AND GOVERNMENT PURPOSEFULLY RECRUIT GRADUATES OF THE UNIVERSITY FROM SEVEN COLLEGES AND SCHOOLS AND THIRTY-FIVE DEPARTMENTS ANNUALLY. THIS OFFICE HAS AN EXCELLENT TRACK RECORD FOR PLACING OVER 78 PERCENT OF THE GRADUATES OF THE UNIVERSITY;

15. THE UNIVERSITY LIBRARY, THOUGH IN NEED OF A NEW PHYSICAL PLANT (NOW ON THE DRAWING BOARD), HAS COMPUTERIZED ITS CATALOGUING OPERATIONS WITH THE INSTITUTION OF SOLINET. IT HAS CHANGED FROM THE ARCHAIC DEWEY DECIMAL SYSTEM TO THE LIBRARY OF CONGRESS SYSTEM WITH OPENED STACKS. A COMPETENT MANAGEMENT STAFF AND SUPPORTS THE NEEDS OF A COSMOPOLITAN STUDENT BODY AND 360 FACULTY MEMBERS;
16. A RESPONSIVE TRAINING PROGRAM HAS BEEN ESTABLISHED TO ADDRESS THE NEEDS OF SUPPORT STAFF. THIS PROGRAM RETRAINS SECRETARIES, JANITORS, MAIDS, SECURITY OFFICERS, CAMPUS MAINTENANCE PERSONNEL, ELECTRICIANS, CARPENTERS, AND SUPPORT STAFF IN ORDER TO KEEP THEM RESPONSIVE TO THE NEEDS OF THE INSTITUTION. THIS INNOVATION HAS CONTRIBUTED SUBSTANTIALLY TO THE EFFICIENCY AND EFFECTIVENESS OF SUPPORT STAFF WHO PROVIDED VITAL UNIVERSITY SERVICES. TWO FULL TIME PERSONS OPERATE THIS PROGRAM, A DIRECTOR AND A SECRETARY;
17. THE UNIVERSITY DESIGNED, TESTED AND INSTITUTED A LEARNING ASSISTANCE CENTER, WHICH ADDRESSES NEEDS OF REMEDIATION IN GENERAL EDUCATION (MATHEMATICS, ENGLISH AND WRITING SKILLS). THE CENTER PROVIDES ASSISTANCE FOR APPROXIMATELY FIVE HUNDRED STUDENTS PER SEMESTER, MINIMIZES ATTRITION AND ENHANCES STUDENTS' ADJUSTMENT TO COLLEGE LIFE; AND

18. A FRESHMAN STUDIES PROGRAM WAS DESIGNED, TESTED AND IS FULLY FUNCTIONAL. IT ASSISTS ALL FRESHMAN STUDENTS IN ADJUSTING TO THE ACADEMIC ENVIRONMENT.

III. RATIONALE WHY COLLEGES AND UNIVERSITIES NOW PARTICIPATING IN TITLE III SUPPORT THE ESTABLISHMENT OF OBJECTIVE CRITERIA TO AVOID GRADUATING OFF TITLE III INDISCRIMINATE EXCLUSION OF DESERVING COLLEGES AND UNIVERSITIES.

THE RAISON D'ETRE FOR HBCUs TO RETAIN FUNDING STATUS WITH TITLE III IS COUCHED IN THE STATUE OF THE TITLE III ACT. MANY HBCUs REMAIN DEVELOPING INSTITUTIONS WHICH HAVE NOT YET ENTERED INTO THE MAINSTREAM OF HIGHER EDUCATION. MORE SPECIFICALLY AND SUCCINCTLY, I BELIEVE THESE REASONS SUPPORT MY CONTENTION:

1. A DISPROPORTIONATE NUMBER OF HBCUs STUDENTS ARE RECEIVING FINANCIAL AID FROM FEDERAL SOURCES (APPROXIMATELY 85 PERCENT AT MY INSTITUTION);
2. MANY OF THE STUDENTS ARE FROM ECONOMICALLY DEPRIVED BACKGROUNDS AND MANY OF THE STUDENTS ARE BLACK OR OTHER MINORITIES WITH A HISTORY OF DEPRIVATION;
3. MOST STUDENTS ARE FROM BACKGROUNDS REMOVED FROM MIDDLE AND UPPER SOCIO-ECONOMIC CLASS AMERICANS. MANY OF THE STUDENTS ARE FROM CENTRAL CITIES, RURAL COMMUNITIES AND SMALL TOWNS. THEY ARE ISOLATED FROM MAINSTREAM AMERICA;
4. HBCUs HAVE LIMITED FISCAL RESOURCES TO UNDERWRITE THEIR ACADEMIC INSTRUCTION AND SUPPORT AREAS FOR STUDENTS AND FACULTY. THEY LOOK TO FEDERAL SOURCES TO AUGMENT THEIR BUDGETS IN ORDER TO MAINTAIN VIABLE CURRICULA WITH

5. HBCUs STUDENTS HAVE DIVERSE NEEDS, E.G. REMEDIATION THAT MUST BE MET BEFORE STUDENTS ARE READY FOR BASIC COLLEGE EXPERIENCES. TITLE III HAS PROVIDED FOR THESE NEEDS THROUGH COMPENSATORY AND REMEDIAL EDUCATION;
6. EVEN THOUGH THE FACULTY OF THE UNIVERSITY HAVE MADE GREAT STRIDES IN FACULTY DEVELOPMENT WITH LIMITED RESOURCES, MANY OF THE FACULTY, ADMINISTRATORS AND STAFF STILL NEED ADDITIONAL HELP IN UPGRADING THEIR SKILLS AND COMPETENCIES IN ORDER THAT STUDENTS CAN BENEFIT FROM THEIR EXPERTISE. A CASE IN POINT IS COMPUTER LITERACY NEEDS FOR ALL STUDENTS;
7. HBCUs SUPPORT SERVICES HAVE LIMITATIONS, E.G. THE LIBRARY HOLDINGS NEED ENLARGING. LABORATORIES REQUIRE MORE STATE OF THE ART EQUIPMENT, ADDITIONAL COMPUTERS AND SCIENTIFIC EQUIPMENT TO ADEQUATELY TRAIN STUDENTS IN BUSINESS, AGRICULTURE, ENGINEERING, TECHNOLOGY, EDUCATION, THE ARTS AND SCIENCES; WILL BE REQUIRED IN THE FUTURE.
8. FACULTY NEED RESOURCES FOR INNOVATIVE PROJECTS IN ACADEMIA IN ORDER TO FULFILL THEIR MAIN OBLIGATION TO SEARCH FOR AND DISPENSE TRUTH THROUGH TEACHING AND RESEARCH. THIS CAN BE PROVIDED THROUGH TITLE III.
9. IN ORDER TO PROVIDE STUDENTS WITH OPPORTUNITIES TO BECOME INVOLVED IN THE RESEARCH OF THEIR PROFESSORS, HBCUs MUST INCREASE THE LIMITED AVAILABILITY OF THIS EXPERIENCE.

THE ABOVE REASONS PROVIDE SUFFICIENT JUSTIFICATION FOR A HIGHER EDUCATION BILL WHICH INCLUDES PROVISIONS FOR AID TO

DEVELOPING INSTITUTIONS THROUGH TITLE III. ALSO ENABLING LEGISLATION, SHOULD BE ENACTED SO THAT INSTITUTIONS SUCH AS MY INSTITUTION WHICH ARE CAPABLE OF GRADUATING FROM TITLE III ARE GUARANTEED CERTAIN TYPES OF TRANSITIONAL GRANTS AS THEY MOVE TO BECOMING TOTALLY MAINSTREAMED. THIS MAY BE PROVIDED BY QUOTAS OR SET ASIDES.

IV. WHY WE NEED FOR SENATE BILL 1328 AND H.R. BILL 2907 IN SUPPORT OF TITLE III AND REAUTHORIZATION OF THE HIGHER EDUCATION BILL

I. SENATE BILL 1328 AND H.R. BILL 2907 WILL PROVIDE ENABLING LEGISLATION THAT WILL SUPPORT CONTINUOUS FUNDING AT AN ACCELERATED RATE FOR TITLE III INSTITUTIONS FOR FIVE YEARS (1987-91) FOR THE FOLLOWING DEVELOPMENTAL ACTIVITIES IN DEVELOPING COLLEGES AND UNIVERSITIES:

1. FACULTY DEVELOPMENT;
2. FUNDS FOR ADMINISTRATIVE MANAGEMENT;
3. DEVELOPMENT AND IMPROVEMENT OF ACADEMIC PROGRAMS;
4. ACQUISITIONS OF EQUIPMENT FOR USE IN STRENGTHENING MANAGEMENT AND ACADEMIC PROGRAMS;
5. JOINT USE OF FACILITIES AND LABORATORIES; AND
6. STUDENT SERVICES PROGRAMS.

STRENGTHENING HBCUs

-ONE HALF THE AMOUNT IN PELL GRANTS - PARTS B INSTITUTIONS;

-ONE FOURTH THE AMOUNT OF THE NUMBER OF GRADUATES FOR SCHOOL YEAR;

-GRADUATES AND PROFESSIONAL ALLOCATIONS;

USE OF FUNDS:

(1) SAME AS ABOVE IN PARAGRAPH NUMBER ONE, ITEMS 1-6;

(2) TO ESTABLISH AND IMPROVE DEVELOPMENT OFFICES TO GENERATE FUNDS FROM ALUMNI AND PRIVATE SECTOR;

(3) INSTITUTIONAL ENDOWMENT; (FUNDS NOT TO EXCEED $500,000.00) ANNUALLY; AND

(4) CHALLENGE GRANTS OR ENDOWMENT GRANTS $50,000.00 TO $500,000.00 PER ANNUM.

V. SENATE BILL 1328 WILL ONLY STRENGTHEN HBCUs AS PRESENTLY CONSTITUTED, THROUGH THE ENDOWMENT PROGRAM. IT WILL ASSIST INSTITUTIONS WHICH ARE NOT GRADUATING OFF TITLE III UNDER THE NON-CONTINUATION PROVISION. I AM THEREFORE, RECOMMENDING THAT ALL MEMBERS OF THE SENATE AND CONGRESS CO-SPONSOR SENATE BILL 1328 AND H.R. BILL 2907; ESPECIALLY THE NEW PART "B" WHICH IS AS FOLLOWS:

ESTABLISH A NEW PART "B": THE BLACK COLLEGE AND UNIVERSITY ACT. THE PURPOSE OF THIS NEW SECTION IN THE HIGHER EDUCATION ACT WOULD AUTHORIZE A 10-YEAR PROGRAM OF CAPITAL INFUSION INTO EACH OF THE HISTORICALLY/TRADITIONALLY BLACK COLLEGES TO CARRY OUT THE FOLLOWING ACTIVITIES:

A. PURCHASE OR LEASE OF LABORATORY EQUIPMENT FOR USE IN

INSTRUCTION OR RESEARCH;

B. CONSTRUCTION, MAINTENANCE OR REHABILITATION OF CLASSROOM, LIBRARY OR LABORATORY FACILITIES;

C. DEVELOPMENT AND ENHANCEMENT OF DISCIPLINES WHERE BLACK AMERICANS ARE UNREPRESENTED OR UNDERREPRESENTED;

D. PROMOTION OF FACULTY EXCHANGE;

E. PURCHASE OF LIBRARY MATERIALS INCLUDING BOOKS, PERIODICALS, MICROFORM AND FACILITIES FOR SHARING THESE AND OTHER HOLDINGS.

SUMMARY

AS I CLOSE, I WANT TO THANK EACH OF THE DISTINGUISHED MEMBERS OF THE EDUCATION SUB-COMMITTEE WHO WILL DETERMINE THE COURSE OF ACTION AND THE DESTINY, TO A LARGE MEASURE, OF DEVELOPING INSTITUTIONS IN AMERICA.

I SHALL HIGHLIGHT BRIEFLY THE MOST SALIENT CONCERNS OF MY TESTIMONY AND I SHALL CLOSE WITH FOUR RECOMMENDATIONS TO YOU AND YOUR DISTINGUISHED COLLEAGUES AND FRIENDS IN THE SENATE AND HOUSE OF REPRESENTATIVES.

1. TITLE III HAS BEEN BENEFICAL TO DEVELOPING INSTITUTIONS SINCE ITS VERY INCEPTION IN 1965. THE 114 HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCUs) HAVE MANAGED WELL AND SURVIVED. STUDENTS' LEARNINGS HAVE IMPROVED IMMENSELY AS A CONSEQUENCE OF TITLE III SINCE 1966.
2. THE NEEDS OF MANY DEVELOPING INSTITUTIONS HAVE CHANGED SINCE 1980. THE LEGISLATION AND LANGUAGE OF THE REAUTHORIZATION OF THE HIGHER EDUCATION BILLS SHOULD BE REVISED AS REFLECTED IN SENATE BILLS 1328 AND H.R. BILL 2907 SPONSORED BY SENATOR SIMON AND REPRESENTATIVE HAWKINS, RESPECTIVELY.
3. IN SPITE OF THE GROWTH THAT MANY TITLE III FUNDED INSTITUTIONS HAVE EXPERIENCED SINCE 1965, A PREPONDERANCE DO NOT WANT TO BE GRADUATED OFF TITLE III FUNDING NOW BECAUSE SUFFICIENT REPLACEMENT RESOURCES ARE NOT

AVAILABLE TO OFFSET THE VOID THAT WILL BE CREATED IN THEIR DEVELOPMENTAL BUDGETS TO UNDERWRITE INNOVATIONS AND DEVELOPMENT.

4. THERE ARE NO SAFETY NETS OR SET ASIDE PROGRAMS AT THIS JUNCTURE TO ASSIST INSTITUTIONS THROUGH THE TRANSITION OF GRADUATING FROM TITLE III FUNDING.
5. CURRENT FINANCIAL PROJECTIONS FOR TITLE III INSTITUTIONS SCHEDULED FOR GRADUATION HAVE BEEN BROADENED, BUT THE GUIDELINES FOR DISTRIBUTION OF RESOURCES HAVE ALSO BEEN BROADENED. THEREFORE, THE HBCUs HAVE LOST GROUND AND DO NOT SHARE EQUITABLY IN APPROPRIATIONS AS THEY DID INITIALLY IN EARLY YEARS OF FUNDING.
6. WE HAVE CASE STUDIES TO SUBSTANTIATE THAT MANY TITLE III FUNDED INSTITUTIONS HAVE INVESTED RESOURCES COST EFFECTIVELY AND HAVE MOVED CLOSER TO THE MAINSTREAM OF HIGHER EDUCATION. THESE INSTITUTIONS HAVE STRONG RESERVATIONS ABOUT BEING GRADUATED OFF TITLE III BEFORE THEY FULLY REALIZE "DEVELOPED STATUS".

RECOMMENDATIONS

I AM RECOMMENDING THE FOLLOWING TO THIS DISTINGUISHED GROUP OF POLICY MAKERS REGARDING REAUTHORIZATION OF HIGHER EDUCATION, MORE ESPECIALLY THE TITLE III INSTITUTIONAL AID PROGRAM:

1. IN RECOGNITION OF THE EDUCATIONAL VALUE OF DEVELOPING INSTITUTIONS AS HIGHER EDUCATION PROPONENTS FOR STUDENTS WHO MAY NOT CHOOSE TO ENTER AND GRADUATE FROM

MAINSTREAM MAJOR COLLEGES AND UNIVERSITIES, I AM RECOMMENDING THAT YOU AND YOUR FELLOW SENATORS AND REPRESENTATIVES CO-SPONSOR SENATE BILL 1328 AND HOUSE OF REPRESENTATIVE BILL 2907, SPONSORED BY SENATOR SIMON AND REPRESENTATIVE HAWKINS RESPECTIVELY.

2. BECAUSE 80 PERCENT OF THE HBCUs IN THIS CATEGORY ARE CURRENTLY PROGRAMMED TO GRADUATE OFF TITLE III IN 1986, 1987 AND 1988, I AM RECOMMENDING THAT THIS SUB-COMMITTEE ON EDUCATION PROVIDE THE LEADERSHIP FOR SPONSORING ENABLING LEGISLATION TO MODIFY THE NEW LEGISLATION WHICH WILL PROVIDE OPPORTUNITY FOR THESE INSTITUTIONS FUNDED UNDER THE NON-CONTINUATION SCENARIO TO REMAIN ELIGIBLE FOR TITLE III FUNDING UNTIL TRANSISTIONAL SAFETY NETS ARE INSTITUTED THAT WILL HELP THIS CATEGORY OF INSTITUTIONS TO SUBSIST UNTIL THEY ARE FISCALLY ABLE TO OPERATE WITHOUT ASSISTANCE FROM THE FEDERAL GOVERNMENT.

3. SINCE INSTITUTIONS WHO CHOSE FOR THE NON-CONTINUATION MODE OF TITLE III IN THE 4-7 YEARS OF FUNDING, DID NOT RECEIVE WHAT WAS PROMISED, NOR WHAT THEY REQUESTED, I AM RECOMMENDING THAT BLOCKS OF GRANTS IN THE PRESIDENT'S BLACK INITIATIVE BE SET ASIDE FROM TITLE III OR SOME OTHER FEDERAL SOURCE. THESE SET ASIDES WILL NOT CREATE AN UNFAIR ADVANTAGE WHEN TITLE III INSTITUTIONS COMPETE FOR THESE GRANT FUNDS. THEY SHOULD NOT HAVE TO COMPETE WITH IVY LEAGUE AND BIG TEN INSTITUTIONS FOR RESEARCH AND DEVELOPMENT GRANTS UNTIL SUCH TIME THAT THEY REACH THE MAINSTREAM OF HIGHER EDUCATION.

4. IF FOR ANY REASON THAT THE DISTINGUISHED SUB-COMMITTEE BELIEVES THAT RECOMMENDATIONS 1-3 ABOVE ARE UNREALISTIC FOR RECOMMENDATIONS TO THE SENATE AND HOUSE REPRESENTATIVES, I RECOMMEND THAT YOU VISIT TITLE III FUNDED INSTITUTIONS WITH YOUR CONSTITUENTS BACK HOME OR TALK TO THE CHANCELLORS, PRESIDENTS, FACULTY AND STUDENTS, TO ESTABLISH A CASE FOR THE "REAUTHORIZATION OF THE HIGHER EDUCATION BILL FOR 1985". SPECIFICALLY, I ASK, YOUR SUPPORT OF THE SIMON-HAWKINS BILL (S.1328 AND H.R.2907) AND TO CO-SPONSOR ON BEHALF OF TITLE III PROGRAMS FOR THESE UNDER FUNDED COLLEGES AND UNIVERSITIES ACROSS APPALACHIA, THE CENTRAL CITIES, THE SOUTHERN FARM ORIENTED COMMUNITIES, CULTURAL ISLANDS OF THE ROCKIES AND THE SOUTHWEST.

I THANK YOU FOR THIS OPPORTUNITY TO EXPRESS THESE CONCERNS ON BEHALF OF A&T AND THE OTHER HBCUs.

Senator **Stafford**. Thank you very much, Dr. Lyons. I had not expected to be able to be here this morning, but such are the uncertainties of legislative life on the floor of the Senate that the bill I am responsible for, popularly known as Superfund, is temporarily on a back burner while we struggle over a Social Security issue on a bill involving immigration, which can tell you the sort of situation we are in at the moment. So I have had the pleasure of getting here too late to hear most of you.

I am going to my colleague Senator Simon in just a minute for questions and then Senator Pell. But I see, Brother Joachim, that you are president of St. Anselm College, and back in the antediluvian past of the early thirties, I played on a Middlebury football team that twice played St. Anselm, once at our home and once on your field.

And something happened playing in Manchester that I have never forgotten. I have often quoted what was said. Our fullback was run out of bounds and into a crowd. And, of course, it being in Manchester he was jeered by some of the spectators, and as he got to his feet, he turned to them and said, "If you think it's so damned funny, come in here and try it yourself."

And I have often used that when I have been criticized for something I have been trying to do, either in Vermont or here. I have used that line: "If you think it's so funny, come in here and try it yourself."

With that, Senator Simon.

Senator **Simon**. Thank you, Mr. Chairman. I have one question of you before I ask a question of the witness. Who won, Middlebury or St. Anselm? [Laughter.]

Senator **Stafford**. Well, we can be even handed; Middlebury won on our home field, and St. Anselm won on theirs.

Senator **Simon**. All right. If I may, since we are talking about St. Anselm, let me ask one question of you, Brother, in your statement that was submitted. You mention the uncertainty of the funding pattern. Can you give us a little detail of what the problem is here?

Brother **Froelich**. One of the difficulties that we have experienced—and I can talk primarily from St. Anselm's point of view, being a recipient under parts B and C of title III—is that although our programs were approved, the amount of money on a yearly basis was never guaranteed. It was subject to the review of staff; we did not know from year to year how much money was going to be approved in order to implement the programs that we had suggested under the approved application.

In fact, we have been subject to cuts over the past 3 years because of the lack of money that has been available, and, therefore, we have had to supplement these programs with other moneys. In terms of a planning process, if our program was approved for a 3-year period, we would appreciate knowing what the amounts of money were for the 3 years of our grant, not just for the first year.

Senator **Simon**. And, in fact, what has happened, if you can be more specific? You were told it was a 3-year grant for how much money, and how much money did you actually get then?

Dr. **Froelich**. Under part B, we were told that our programs would cost somewhere in the area of $500,000 over a 3-year period. We probably received from title III, part B in the area of $200,000.

We had to cut back on some of the projects in terms of their intensity. And it is a difficult decision to make when you are in the middle of a project. For instance, how do you cut back on your manpower?

We had a person who was going to manage our learning center, which has been very, very successful on the campus. Title III funding for that particular position stopped at the end of 1 year. Therefore, we had to go out and solicit other kinds of funds in order for that position to continue or were forced to raise our fees in order to pay for that particular person's salary.

Senator SIMON. Dr. Donato, your tuition—I have to say I was a bit stunned to read your tuition was $1,050 a year—I always think of New York as being a low tuition State in community colleges.

Dr. DONATO. You also have to understand that New York probably has the finest student aid program of any State in the union, and so the net tuition may be another question. But it is still extremely high for those students who have to pay the bill themselves

Senator SIMON. When you say you would deny eligibility for additional development grants for a period of time equal to the life of the initial grant, do you mean if someone gets a 3-year grant, then the following 3 years——

Dr. DONATO. Yes; they are out of competition for a 3-year period. And I would like to follow up on the question that you gave the brother. We were funded for a little over $100,000 for 3 years under part B, the nonrenewable. And I, as president, faced a choice of should I deny that grant and not take it and go in again and maybe get some extra money in a subsequent go-round.

If you remember part A, you had a $200,000 limit with a 3-year minimum or 4-year minimum. And so under the nonrenewable, we received less and for a lesser period than we would have gotten under part A renewable. Suddenly we are nonrenewable under special needs. And that is why we are asking in this bill—and I think there are a few institutions that were impacted by this—that you be careful that the special need institutions not be exempted. If you want a standard, we would say to you, any institution under part B that did not get at least the periodicity and the amount under part A be considered as if they were renewable rather than nonrenewable.

Senator SIMON. Bowie is a State-supported school, is it not?

Dr. LYONS. Yes, it is.

Senator SIMON. Dr. Payton, as I recall, your college is a relatively well endowed school compared to many of them. But if I may ask, what is your total endowment at Tuskegee, and what is it, Dr. Bronson, at Bethune-Cookman?

Dr. PAYTON. We have a total endowment of about $24 million at Tuskegee with an enrollment of about 3,500.

Senator SIMON. So even while $24 million is probably going to exceed what Dr. Bronson is going to answer, for a school with 3,500—is that 3,500 FDE students?

Dr. PAYTON. That is right.

Senator SIMON. That is a small endowment.

Dr. PAYTON. It is a very small endowment. Neither does it take into consideration the unusually high cost programs. We run a school of veterinary medicine. Our tuition at our school of veterinary medicine is $4,000. You might compare that with the school of veterinary medicine at Tufts, for example, where it is considerably over $12,000. We are basically an independent institution with very minimal funds coming from the State. We must also support expensive programs in the school of engineering and architecture and the school of nursing and allied health.

It is a comprehensive university that has to depend on an energetic fundraising program that has been aided immeasurably by the title III program. I just do not see how we would make it if those funds are no longer available.

Senator **Simon**. All right. Dr. Bronson?

Dr. **Bronson**. If Tuskegee's $24 million endowment is inadequate, Bethune-Cookman's endowment is like an amoeba being compared with a mountain. Our endowment is $3 million.

Senator **Simon**. And you have how many students, again?

Dr. **Bronson**. 1,800 students.

Senator **Simon**. 1,800.

Dr. **Bronson**. And we also have nursing programs, medical technology, engineering programs jointly with Tuskegee, and we have the traditional liberal arts programs. We have the business program and computer science, which means that we have to do much of our fundraising on a year-to-year basis to maintain ourselves.

The Challenge Grant Endowment Program is essential. And the institution aid bill is even more essential for our survival because it addresses some of these basic questions that we have.

Senator **Simon**. If I could ask one more question, Mr. Presidents, of all of you. There are a variety of ideas floating around now as we consider where we go in higher education reauthorization. One of them is simply to fold in all programs into Pell grants and loans, increase them, and forget all the title III, SEOG, everything else. Any reaction?

Dr. **Payton**. Yes; I would, if I may. I would be totally opposed to that. I think it would destroy totally the original intent of title III. Title III is an institutional strengthening program. It was designed initially for those institutions that had been forcibly kept out of the economic mainstream of American life and who still are kept out of that mainstream. We have other programs for student aid that are very important. the Pell Grant Program, for example, is of immense importance to our students.

But to do the things that all of us have been talking about here this morning, strengthening libraries, strengthening management systems, bringing in and modernizing curriculums, developing computer programs—these are things which it seems to me are very important to be focused on institutions which have not had access to the kinds of resources to make them possible.

To eliminate title III and simply make grants based on student aid considerations would make it very easy for institutions with really large endowments, fine physical plants, and very strong faculties to receive the lion's share of the funds. The result would be to wipe out all of the others who really need institutional development funds.

Dr. **Donato**. I would oppose that direction, but from another point of view. I have some increasing concern about support of institutions through student financial aid, primarily because of the bureaucracy that seems to attempt to be attached to that process.

A recent study by ACE points out the number of students who are not accessing the Pell. Not to criticize the process, but whenever you have a cost to an institution that has been subsidized by a grant to the student and you have a process that brings the student through a financial aid process into that institution, you are interfering with accessibility in some cases because students are unable to go through the procedures. I am a college president. I have three daughters in school. I had a heck of a time getting through some of the procedures. OK.

I am privileged and I am advantaged. What about other students who are not? I am not saying we should do away with the programs, but I think we have to have a balance so that institutions can be subsidized directly where the need is clear.

Dr. LYONS. Senator, you passed over me earlier because I was from a State institution. I know that you did not mean anything by that.

Senator SIMON. No; I did not.

Dr. LYONS. But I do want to say to you that I, too, would be opposed to that particular action, but I wanted to say even further that while some of our colleagues have raised questions about support to State institutions, I do want to point out that after we move from the point that, say, the State of Maryland provides 46 percent of our budget at Bowie State College, our profile looks very similar to the profile of my colleagues here at this table. We have students with very high need. We have suffered from some funding neglect over the past number of years. So the profile is the same. Therefore, State institutions are very much in need of these kinds of things, and in fact we do not have any endowment and could not have made it this far without title III support.

With only 46 percent of our budget coming from the State, it means that we have to hustle for every other dollar we can, and there are many things in that 46 percent that the State will not allow us to do. And we have been fortunate to do these things through title III.

So it is a very important institutional program, and we would certainly want to see it continue in that vein.

Senator SIMON. I thank you all very much. Thank you, Mr. Chairman.

Senator STAFFORD. Thank you very much, Senator Simon. Dr. Bronson.

Dr. BRONSON. I just wanted to say one word. I am suspicious that when we have attempts to combine all the programs that the 1980 program would be gutted of resources to address the basic problems that we face. And so I would hope that in addition to what has been said, that all efforts will be made to keep alive SEOG.

Senator STAFFORD. Thank you, Dr. Bronson. Senator Pell.

Senator PELL. Thank you very much, Mr. Chairman. Just one question: One of the basic purposes of title III programs is, as we all know, to provide institutional aid to strengthen the educational programs in the colleges. And the question, will a graduate be able to compete on an equitable basis with a graduate of other colleges across the country?

I was curious, in your view, if this development was occurring and when you think that quality will be achieved. Dr. Bronson, Dr. Payton, Dr. Lyons, any one of you?

Dr. PAYTON. I would like to speak to that, if I may.

Senator PELL. Dr. Payton.

Dr. PAYTON. I thank you for the question because I think it is a very important one. I do speak to it in the full text of my testimony, but I could not talk about it in summary.

There has developed a body of literature over the past two decades which now has given us some comparative data with respect to the performance of black students in historically black colleges, on the one hand, and the performance of such students in the predominantly white colleges. One of the most recent books is entitled "Blacks in Colleges," by Dr. Jacqueline Fleming, who is not a graduate of a black college, but whose very systematic study over a 7-year period—funded by the Carnegie Foundation—shows that black students, on a comparative basis, develop intellectually and cognitively better on black college campuses than they do in predominantly white college settings. The reasons for this are totally understandable when you examine the situation closely. Black students on white campuses tend to experience patterns of alienation and a sense of not being a part of the total institution. The exact opposite is the case on black campuses.

Now, what Dr. Fleming is saying is not that white colleges cannot educate black students, but that until they get to the point where they first accept them fully as persons and express confidence in their abilities, then black colleges will continue to show much greater degrees of success in educating black students than do predominantly white colleges, on the whole.

And I want also to introduce a qualifying statement. There is much variation among the predominantly white colleges just as there is among the predominantly black. Some of them do a far better job of educating both white and black students than do others, and the same thing is true for black colleges.

On the latter part of the qustion of graduation, the most salient data show that it is the black colleges that continue to produce the lion's share of those technically, managerially, and professionally trained blacks in the society.

For example, in 1983-84, Prairie View A&M—and I support Dr. Lyons' statement that public black colleges should remain in the program, a public black college, graduated 97 black engineers, the largest number in the country. The school that produced the third largest numbers of black engineers was Tuskegee University, and the only reason why we were third instead of second is because Georgia Tech is listed as the second highest. Georgia Tech's enrollment of blacks in engineering is based largely on its arrangement with the predominantly black colleges in Atlanta University where they do their first 2 years in the predominantly black college and then they go on to Georgia Tech.

But this piece of data, and then I will quit: Tuskegee, with a 1980 undergraduate enrollment of 3,231 students, provided undergraduate education for 103 black Ph.D's. That compares with another university, the top ranking white university in terms of black enrollment, which had an undergraduate enrollment of 21,591 black students in 1980, but provided undergraduate education for only 109 black Ph.D's. You see the difference. It is not a matter of merely enrolling the students. It is a question of how well you work with them, whether you have systems and people in place who are committed to these students, and who know how to educate and see them through to graduation.

Dr. **Bronson**. Senator Pell, several things are important in responding to your question regarding the image and the perception of black colleges as being in theory academically. I think, No. 1, we need to look at, as indicated by Dr. Payton, the products from these schools. If you notice the leadership in medicine, in engineering, in politics, in law, in teaching, in practically every field of endeavor, that leadership has come from black colleges, for the most part, even some person who work around here and behind the stand.

No. 2, I would like to give an experience from Bethune-Cookman College. In Florida, teachers have to take a certified exam, an exam certifying them for certification. Initially, many black teachers did not do very well. It was not told, however, that the test itself was prepared over in the predominantly white colleges and they had certain advantages. But we did not use that as an excuse.

We are pleased to say the last 3 years that Bethune-Cookman College graduates have had a 100-percent passing rate on the State teachers certification exam. The same is true about the Florida Class Exam—CLAST, College Level Achievement—I cannot remember all of the acronym, but it is a test given at the end of the second year. Initially, our black colleges, at least black students, did not do very well.

But we are pleased to say that Bethune-Cookman College this year passed the test with the highest average of all schools and colleges and universities in the State, including the large State universities. And I would suspect that this is duplicated across the country where we find graduates of these schools producing at a higher quality level and a higher and higher quality level, leaving our schools, going into graduate schools around the Nation and coming out with commendable records.

Brother **Froehlich**. I would like to address this question relative to the arrangement we have in New Hampshire with the consortium of colleges because we are funded under title III with a cooperating arrangement. Certainly, we have been able to employ significant economies of scale to enable all 14 institutions of higher education to pool their resources together to have adequate libraries, to have adequate faculty, to avoid duplication of programs, and the like, thus allowing our students the flexibility to move between and among the institutions as their needs may be.

One institution by itself, if it did not have the necessary resources, could not afford to provide the proper library or the proper course offerings, that is, curriculum offerings for the students. Also, as a result, our cooperative effort in placing students has been very, very successful. My point being that none of this would take place without title III money. Also, a spillover from title III cooperation is a cooperative admissions program which the institutions fund themselves because we believe the economies are present to attract students; without title III moneys and without other kinds of continued assistance, the quality of education that we offer to the students would not be as high as it presently is.

Senator **Pell**. Thank you very much.

Dr. **Lyons**. Senator Pell, I would like to add that I think implicit in some of the discussion related to title III is the notion that we can identify a specific year that all of our institutions will have moved into the mainstream and will have developed. It is not quite that simple.

I think there is a better test, and we invite you to look at the progress that has been made. The institutions are moving forward in a positive direction. I cannot tell you that by 1997, Bowie State College will have arrived and will be stroking in the mainstream of higher education, but I can tell you that we will be progressing. I can tell you that over the past number of years, we can document progress, growth, programs having been accredited, new programs, productive graduates. The first teacher in space is one of our graduates, and this is progress. And we boast about that kind of thing.

But we cannot put a year on it, and I would hope that the committee would resist the temptation of trying to designate a year when these institutions will have developed.

Senator **Pell**. Thank you very much. Thank you.

Senator **Stafford**. Thank you all very much. If Senator Simon did not do so, I would like to reserve the right of members who cannot be here because of the floor situation or other committees to submit some questions in writing if they care to. Would that be agreeable, gentlemen?

Dr. **Bronson**. Yes, indeed.

Dr. **Donato**. Yes, indeed, sir.

Senator **Stafford**. Thank you. What is the enrollment at St. Anselm now, just as a matter of my curiosity?

Brother **Froehlich**. Presently we have 1,774 full-time students and about 150 part-time students.

Senator **Stafford**. Thank you.

Brother **Froehlich**. Without a football team.

Senator **Stafford**. Thanks. Let me ask you all to respond very briefly, if you will, to this question: Do you feel students in college today, in the colleges which you represent, are getting a quality education, given the high cost of education in this country? Could we start with you, Dr. Bronson, and go across the table?

Dr. **Bronson**. My answer is that they are getting, depending upon how you define high quality, they are getting——

Senator **Stafford**. We will leave that as a substantive judgment on your part.

Dr. **Bronson**. Thank you. They are getting an education that prepares them to be productive citizens in society and to compete with others in an integrated community. .

Senator **Stafford**. I think that is a good answer. Dr. Payton?

Dr. **Payton**. My answer would be an unqualified yes, Senator. We, the American people, may think that the cost of higher education is high, but as someone has said, try ignorance if you think that it is any cheaper. In the short and in the long run, the greatest investment this society can make is in the education of its young people and particularly at a time when society is becoming more and more technological and when competition abroad is becoming much greater. We have to have the kinds of people who are being trained in our colleges and universities that will continue to produce high quality men and women able to help this country be more competitive internationally across all fields.

Senator **Stafford**. I could not agree with you more, Doctor. I have been saying the same thing whenever I have had the chance. Dr. Donato?

Dr. **Donato**. Senator, I would say yes, and I would refer to data: Since we are an institution that is in the intermediate higher education level, the results of placement within the community college which shows that students are entering occupations, that employers feel that graduates are fully qualified and add to the productivity of their enterprises; and that studies on the transferability of students, both in terms of persistence and credit indicate that we are an integral part of the baccalaureate degree process.

And I would also emphasize that the quality of life—remember, we are locally sponsored, locally accountable institutions, and the community service that we provide to bring up the educational level, the cultural level, the social opportunities, and the favorable response that we get from our sponsor who must tax to support us, would suggest that we are doing a more than adequate job.

Senator **Stafford**. Thank you. Brother Joachim.

Brother **Froehlich**. I would say an unqualified yes. One of the difficulties in addressing this question is trying to define what education is all about. Whenever I address my alumni or staff, I always emphasize that you can define education in a very simple way. Education is assisting the student to make better decisions in life, and I think if we do that, which I think we are at St. Anselm, I believe then we are going to continue to be successful.

One sign that we have to indicate that maybe we are providing the kind of education that students are interested in is the increase in the number of applications to our institutions; from 1979 when we were receiving about 1,700 applications, enrolling about 500 students, we are now receiving 2,500 applications, in an era of declining enrollments, still enrolling 500 students.

So I would say that the public is at least giving some indication or giving us some indication that what we have to offer is very good.

Senator **Stafford**. Thank you. Dr. Lyons.

Dr. **Lyons**. Yes, Mr. Chairman, we are providing a quality education to our students within the mission and role and scope of our institution. And I do not want to debate quality as it relates to other institutions. But I think as presidents we are all very sensitive to this issue of quality, to the issue of accountability, and to the whole question of cost.

And I would say, however, I do not get upset about the business of the cost of education in one respect because it costs so much more to house a student in a correctional facility than it does to educate that student in an institution of higher education. And I think it is cost effective when we look at it on balance.

Senator **Stafford**. Thank you all very much.

Dr. **Bronson**. Senator, may I say one word, please?

Senator **Stafford**. Dr. Bronson.

Dr. **Bronson**. I think the excellent quality of education that our institutions are sharing must be said has been reinforced by title III. If title III is interrupted or changed or not voted adequate funds, that will have an impact upon our offerings, especially the Simon-Hawkins institutional aid bill, which is greatly important to a number of our institutions since 80 percent of our black colleges will be dropped from title III as of 1987 and Bethune-Cookman in 1986.

The quality we are giving will be greatly enhanced if this bill is passed.

Senator **Stafford**. All right. Sir, thank you.

Brother **Froehlich**. Could I just make one point relative to cost because I think that is sometimes misunderstood. This is one of the points I have tried to make to parents in the past regarding St. Anselm College relative to cost. Presently to enroll at Saint Anselm, it costs $9,300 for room, board, and tuition. I went back and I took the 1974 prices, used the consumer price index, and I am not going to argue whether that is a good index or not, to inflate the prices to present day, and I looked at 1974 prices equal to $7,400 versus $9,300. Yet, in that 11-year span we have had to invest in computer technology. We have had to lower our student-faculty ratio. We have had to put up more facilities, et cetera. At the same time the guaranteed student loan, which is at $2,500, has been that way for a very, very long period of time. I think the colleges have been doing a very, very good job in controlling costs if you look at it from that vantage point.

Senator **Stafford**. Thank you very much, Brother. I will just comment that it has taken a massive effort by academia and this committee to keep the college assistance programs at their present level. We are very glad we are able to do that. We wish we could do more, but we have a few scars as a result of our efforts to retain the college assistance programs where they are. They will be there next year, and as long as this chairman is around, we are going to keep them there and increase them if the economic situation of the Nation allows us to do so.

Let me thank you all for your helping us with our undertaking that we are beginning this fall. Thank you, gentlemen.

The second panel this morning, the final panel, will be Dr. F. William Summers, dean, School of Library and Information Studies, Florida State University; Dr. John P. McDonald, director of libraries, University of Connecticut at Stoors, CT; and, Ms. Nancy L. Eaton, director of libraries at the University of Vermont in Burlington, VT.

Let us go in the order in which we have called your names' if that is agreeable. And that means, Dr. Summers, you would be first. You have all watched this little traffic control device here which we get familiar with commuting to and from our houses in Washington, I am sorry to say. That will give you 5 minutes on the green and then you are on the red.

Coming from Calvin Coolidge country, I appreciate your efforts, if you will, to say it in 5 minutes. Your full statements will appear in the record as if read, if you submitted a statement that runs longer than that. Dr. Summers.

STATEMENTS OF DR. F. WILLIAM SUMMERS, DEAN, SCHOOL OF LIBRARY AND INFORMATION STUDIES, FLORIDA STATE UNIVERSITY, TALLAHASSEE, FL; JOHN P. McDONALD, DIRECTOR OF LIBRARIES, UNIVERSITY OF CONNECTICUT, STOORS, CT; AND, NANCY L. EATON, DIRECTOR OF LIBRARIES, UNIVERSITY OF VERMONT, BURLINGTON, VT

Dr. **Summers.** Thank you, Mr. Chairman, My name is Bill Summers. Since July 1 I have been dean of the School of Library and Information Studies, Florida State University. For the previous 14 years I was associated with the College of Library and Information Science, the University of South Carolina, serving as dean of that school for the last 9 years. Prior to that time I was State librarian of Florida and associate director of the Providence, RI, public library.

I am testifying on behalf of the American Library Association, an organization of 42,000 citizens, library trustees, educators, and librarians who are greatly concerned about the quality of library and information services available to citizens in our country.

It is a great honor for me to testify before this subcommittee, composed as it is of so many Senators whose record of support for libraries in the Nation is strong, longstanding, well recognized, and appreciated.

I would like to concentrate my testimony on the Title II-B Program for fellowships. The greatest strength of the Title II-B Program has been the fact that from the beginning it has been principally an investment in people rather than an investment in things. And in the long run investments in people pay greater dividends.

Since 1966 the Title II-B Fellowship Program has awarded 3,981 fellowships at a cost of $29,792,000, or an average of $7,483 for each fellowship. It should be noted that the majority of these awards were made in the earlier years of the program with 74 percent of the awards having been made in the first 10 years and only about 25 percent in the past 9 years.

The results of the program are, I believe, quite dramatic. It has produced 1,047 persons with a doctorate, 236 with advanced degrees beyond the masters degree, and 2629 persons with a masters degree.

I would like to make a couple of comments about the importance of each of these levels. First, the doctorate: prior to the Title II-B Program library schools had great difficulty in finding faculty with advanced degrees to teach new librarians. They also found it difficult to be the center of advanced study and research in the field and to reflect new knowledge in their teaching. Now that situation has dramatically altered, and it has altered because as a nation we made it public policy to provide grants for advanced training under title II-B.

If you will pardon a personal reference, I was one of the individuals so trained. In 1969 with a title II-B fellowship, I was able to enroll in doctoral study and to prepare myself for teaching and research, a role I long wished to pursue but financially could not afford. It might interest you to know that in the same class were Dr. Hardy Franklin, now the distinguished director of the Washington, DC, Public Library, and Mr. Robert Wedgeworth who just left the position of executive director of the ALA to be dean of the library school at Columbia University. Both of them were also experienced young librarians who could not have pursued doctoral study except for title II-B fellowships.

In a recent study conducted at St. John's University, it was found that among doctoral fellowship recipients in the Title II-B Program, almost 75 percent now hold positions at or above the middle management level.

It is clear that the Title II-B Program has been responsible for a dramatic increase in the research and leadership potential of the field, an increase from which the nation's libraries and the citizens who use them will continue to receive benefits for many years to come.

Looking at the master's program, we see that beginning in the early seventies the program has been focused on the objectives os training or retraining of personnel to serve the interest of traditionally underserved groups and increase opportunities for minorities of underrepresented groups to obtain training.

The record of accomplishment in meeting these objectives is quite remarkable. Of the 1,468 fellowships awarded since 1973, 1,032, or 70 percent, have gone to members of minority groups. Some, including the administration, have argued that since this is a very small program involving very limited numbers of people—since 1981, for example, the number of awards each year have been between 74 and 79 fellowships—that it could be eliminated. That is analogous to criticizing a starving person for being thin. The program is small because its budget is low, not because the needs which it addresses are reduced.

In the spring of 1984 and 1985 while I was at the University of South Carolina, we conducted a special program to recruit minority students. Using State-appropriated funds under the State's desegregation plan, our faculty on their own time made visits to most of the State's predominantly black institutions, and there we visited with placement counselors, librarians, and others.

Senator STAFFORD. Doctor, could you summarize now in a few minutes.

Dr. SUMMERS. Yes, sir. The ALA believes that the Higher Education Act should be reauthorized with modifications that were proposed in the joint ALA-ARL recommendations. The research and demonstration programs of the title need to be continued. The Title II-B Program needs to be continued because it is one of the principal sources of aid for minority students.

The statutory division of funds which provide that two-thirds of the appropriation be spent on fellowship programs should be continued.

We would also like to thank Senator Pell for introducing Senate Joint Resolution 112 calling for a second White House Conference on Libraries. He was the original sponsor for the 1979 conference. We think that another conference will help us a great deal in focusing public awareness on the situation of libraries.

We hope that this subcommittee will consider and act favorably on the enabling legislation at an early date. Thank you, sir.

[The prepared statement of Dr. Summers follows:]

Statement of

F. William Summers,
Dean and Professor
School of Library and Information Studies
Florida State University
Tallahassee, Florida

on behalf of the

AMERICAN LIBRARY ASSOCIATION

before the

Subcommittee on Education, Arts and Humanities

Senate Committee on Labor and Human Resources

on the

Reauthorization of the Higher Education Act of 1965

September 19, 1985

My name is F. William Summers. Since July 1, I have been Dean of the School of Library and Information Studies, Florida State University. For the previous 14 years I was associated with the College of Library and Information Science, University of South Carolina, serving as Dean of that school for the last nine years. Prior to that time I was State Librarian of Florida and Associate Director of the Providence, Rhode Island Public Library. I am testifying on behalf of the American Library Association, an organization of 42,000 citizens, library trustees, educators and librarians who are greatly concerned about the quality of library and information services available to citizens in our country.

It is a great honor for me to testify before this subcommittee composed, as it is, of so many Senators whose record of support for libraries in the nation is strong, long-standing, and well recognized and appreciated.

I would like to concentrate my testimomy on the Title II-B program for training, demonstration and research. This small but highly significant program has had a major impact upon the quality of library and information service across the country and I would like to share with you the story of how a very modest federal investment has returned such enormous dividends in the form of better library and information service.

Title II-B

First authorized by Congress 20 years ago, in 1965, the Title II-B program initially provided grants for long-term training of librarians in degree programs, for short-term training institutes and for research and demonstration projects designed to test new ideas and methods for the delivery of library and information services. For the last several years due to severely reduced funding, efforts under the Act have been principally concentrated on the fellowship program for longer-term degree related training, but before discussing those impressive results let me say a few words about the research and demonstration programs which have also been very important but necessarily limited.

First, it must be noted that librarianship is a very under-researched profession. We need to know a great deal more about how various kinds of people go about finding the information which they need in their lives. In the past Title II-B grants have funded studies on the information needs of disadvantaged citizens, blue collar workers and a variety of other groups with special information needs. These studies have significantly helped libraries target service programs to meet the needs of these individuals.

One of the most significant recent uses of funds for demonstration purposes occurred upon the publication of the report of the National Commission on Excellence in Education. Recognizing a need to further identify the role which libraries play in the educational system of the country, the Department of Education funded under Title II-B a series of background papers and national conferences across the country to discuss these findings and to issue a statement setting forth the critical needs for library programs of quality to support any efforts at significant educational reform in the country. That statement has now appeared in the report, Alliance for Excellence, Librarians Respond to "A Nation at Risk". The report has received wide distribution and study and is having a major impact.

Title II-B grants have also helped to support demonstrations of technical innovations in the delivery of library and information services such as teletex-transmission of documents and a variety of applications of computers to the storage and retrieval of information, including in its early years the development of the Online Computer Library Center (OCLC) data base which is now the foundation of the nation's bibliographic system. Reduced funding for Title II-B has resulted in a significant reduction in these research and demonstration projects but they are of critical importance in the long run and should not be ignored in the reauthorization of the act. The lack of activity has been due to lack of money, not lack of importance.

The Fellowship Program

The great strength of the Title II-B program has been the fact that from the beginning it has been principally an investment in people rather than in things, and in the long run investments in people pay greater dividends. Since 1966, the Title II-B fellowship program has awarded 3,981 fellowships and 77 traineeships at a cost of $29,792,559 or an average of $7,483 for each fellowship including support to the recipients and to the institutions in which they enrolled. It should be noted that the majority of these awards were made in the earlier years of the program with 74 percent of the awards having been made in the first ten years, 1966-75, and only about 25 percent in the past nine years. The results of the program are, I believe, quite dramatic. It has produced 1,047 persons with the doctorate, 236 with advanced degrees beyond the masters and 2,629 persons with the masters degree, the initial professional credential in the field. It might be helpful to you to make a few statements about the importance of each of these levels.

The Doctorate.

Prior to the title II-B program, library schools had great difficulty in finding faculty with advanced degrees to teach new librarians. Library schools also found it difficult to be the center of advanced research in the field and to reflect new knowledge in their teaching and continuing education programs because their faculty were not trained in the latest knowledge nor very skilled in research. Now that situation is dramatically altered, and it is altered because as a nation we made it public policy to provide grants for advanced training under Title II-B. If you will pardon a personal reference I was one of the individuals so trained. In 1969 with a Title II-B fellowship I was able to enroll in doctoral study and to prepare myself for teaching and research, a role I had long wished to pursue but financially could not afford. It might interest you to know that in the same class were Dr. Hardy Franklin, now the distinguished Director of the Washington D. C. Public Library and Mr. Robert Wedgeworth who has just left the position of Executive Director of the American Library Association to become Dean of the Library School at Columbia University, both of whom were also experienced young librarians who could not have pursued Doctoral study except for Title II-B fellowships. In a recent study conducted at St. Johns University it was found that among doctoral fellowship recipients almost 75 percent now hold positions at or above the middle management level. Within library schools 78 percent of the fellowship recipients hold senior faculty positions with almost 30 percent serving as deans or directors of these schools. In libraries 73 percent of the recipients are at middle management or above and 35 percent are top level directors.[1]

It is clear that the Title II-B program has been responsible for a dramatic increase in the research and leadership potential of the field---an increase from which the nation's libraries and the citizens who use them will continue to receive benefits for many years to come. It should be noted however that those persons who received their training in the first decade of the program are now entering their late 40s and early 50s. If reduced funding continues into the future we will not have replacements for them coming along in the experience cycle as they reach retirement age.

The Master's Program.

Since the early 1970s the Title II-B fellowship program has been focused on the objectives of training or retraining of personnel to serve the interests of traditionally underserved groups, and increased opportunities for members of underrepresented groups to obtain training. The record of accomplishment in meeting these objectives is quite remarkable. Of the 1,468 fellowships awarded since 1973, 1,032 or 70 percent have gone to members of minority groups. It should also be noted that the selection of the fellowship recipients is made by individual educational institutions, not by the Department of Education.

Some, including the Administration, have argued that since this is a very small program involving very limited numbers of people (since 1981, the number of awards each year have been between 74 and 79) that it could be eliminated. That is analogous to criticizing a starving person for being thin. The program is small because its budget is low, not because the needs which it addresses are reduced. I think it is accurate to state that the principal, on-going financial aid for minority students in librarianship has been the Title II-B fellowship program and it is probably responsible for more minority persons entering the professional work-force than all other factors combined.

In the spring of 1984 and 1985 at the University of South Carolina we conducted a special program to recruit minority students to the library school. Using state appropriated funds under the state's desegregation plan, our faculty on their own time made visits to most of the state's predominantly black institutions to visit with placement counsellors, librarians and interested students. On each of these visits those who were interested were invited to come to the campus to tour the library school, tour the campus and meet our faculty over dinner. In 1984, 16 students came and the only financial aid we could discuss with those students was an assistantship requiring ten hours of work per week and a stipend of about $2,000. In 1985 we had about 25 students come for the on-campus visit and we had been awarded one Title II-B fellowship for a minority student. I am confident that had there been more financial aid available we could have enrolled a great many of those students. The students consistently reported to us that after attending college for four years, their and their families' resources were exhausted and they could not consider an additional year of graduate study to become a librarian, much as they might wish to, without financial aid.

At Florida State University we have also been concerned in increasing the number of minority students. This year we were able to offer one master's and one doctoral fellowship under Title II-B, yet we had more than 50 students seeking financial aid. Florida A & M University, less than a mile from our campus, has a large minority enrollment and Florida now has a large multi-cultural population. I am confident that had we had greater amounts of fellowship aid to offer to students we could have served the needs of many more minority students.

The Department of Education has done a good job of making a limited amount of aid go as far as possible. Over the history of the program grants have been made to schools in 36 states (it should be noted that there are a number of states without library training programs), thus ensuring that people from all across the country have access to training programs. In 1985 even though there were only 71 awards these were spread over 25 states and 38 different institutions.

The Title II-B program is admittedly small, but it has produced very significant results and results which have long-term impact upon our citizens who use libraries. We should not use size but effectiveness in accomplishing objectives as the criteria by which to judge programs, and based upon that criteria the Title II-B program has been a very worthwhile investment of public funds.

Summary

The American Library Association believes that the Higher Education Act should be reauthorized with the modifications proposed in the joint ALA/Association of Research Libraries recommendations. In particular, the problems which led Congress to create the HEA II-B program continue to exist.

The Research and Demonstration portions of Title II-B need to be continued and hopefully funded at a more realistic level in the future.

The Title II-B fellowship program has become one of the principal sources of financial aid for minority students wishing to enter the field of library and information science, and the results to date have been very impressive considering the limited amount of funding which has been available to the program in the last few years. The level of funding is not nearly commensurate with the need.

The statutory division of funds which provides that at least two-thirds of the appropriation should be spent to fund the fellowship program should also continue. The need for fellowship aid for minority students is too great to run the risk of some future administrative decision to de-emphasize fellowships in favor of some other purposes.

I would like to express ALA's appreciation to Senator Claiborne Pell for introducing S.J. Res. 112, calling for a second White House Conference on Library and Information Services no later than 1989. Senator Pell is the original sponsor of legislation resulting in the 1979 White House Conference, and ALA passed a resolution July 10 thanking him for his leadership. The White House Conference will help build public awareness of the precarious state of U.S. library service today and facilitate informed, grassroots policymaking concerning the future of all types of libraries. ALA encourages this Subcommittee to consider and act favorably on enabling legislation at an early date.

I have appreciated the honor of being invited to testify before this distinguished Subcommittee and hope that these comments will have some value in your deliberations. I would welcome the opportunity to answer questions anyone may have.

Notes

1. Lowe, Mildred et. al. _Historical Survey of Higher Education Act Title II-B Fellowships: 1965-1982._ Washington D.C., U. S. Department of Education, Division of Library Programs, n.d.

Senator **Stafford**. Thank you, Doctor. As I said, your entire statement will appear in the record as if read. So members who are not here and staff representing members will have an opportunity to examine it fully. As you probably know, the administration proposed zero funding for title II for the next year, but we were able to work things out so that we expect level funding plus 3 percent for inflation for next year, which will keep tings going. Mr. McDonald.

Mr. **McDonald**. Thank you, Mr. Chairman. My name is John McDonald and I am director of libraries at the University of Connecticut. I appear before the subcommittee on behalf of the Association of Research Libraries to urge reauthorization of the Higher Education Act.

I join with my colleagues from the American Library Association in recommending the following changes in the act: Adoption of need based criteria for title II–A; elimination of special purpose grants in title II–B in favor of a technologically oriented grant program proposed for II–D; no substantive change in title II–C; adoption of new language for title II–D that supports application of new technologies in libraries; and additional language in title VI–A to earmark funds for improving the availability of scholarly periodicals and research journals published outside the United States.

Speaking for the Association of Research Libraries, I am representing 118 of the largest university and other research libraries in the United States and Canada. The books, journals, archival, and other materials in these libraries collectively form a priceless national resource in support of teaching, research, and scholarship.

ARL member libraries report combined holdings of over 315 million volumes, 220 microform units, and over 3 million periodical subscriptions.

But statistics are not really what I want to talk about in the limited time available to me. All the figures are in a separate written statement which you have before you. What I do want to talk about is the importance of research library resources to scholars and students and ultimately to the citizens of the United States whose Government is being asked to continue to support our efforts.

In uncomplicated terms, my position is that the many distinctive collections of research libraries bear on important issues of public policy. It is the national interest, therefore, to strengthen these collections and also the means to share them to the end that the ideas they contain can be studied, interpreted, and brought to bear upon the issues that confront us as a nation.

The sorts of collections I have in mind may have to do with Central America or with the Middle East or with some other sensitive area of the world. They may deal with environmental questions, labor relations, or with economic problems.

The point is that scholarly vitality depends upon research collections that are themselves up to date, fresh, and growing, and upon systems of access that are accurate, reliable, and reasonably timely. It is just such collections and services that title II–A HEA and particularly part C have helped to strengthen and maintain.

The genius of the program is that every dollar invested has an amplified impact because of the effectiveness of the resource sharing network that we librarians have been at pains to put in place over the last few decades. That network has always been based on a spirit of reciprocity and mutual reinforcement.

Now it is made strikingly successful by the use of standardized bibliographic entries stored in state of the art computer centers and transmitted rapidly by telecommunications. Thus, a unique collection at Yale becomes known to scholars everywhere once that collection is processed and the bibliographic description is put into the national on-line data base.

But it is not just Yale, Harvard, Texas, and Berkeley whose collections are now known to the rest of the country. Any collection of special strength and merit, wherever located, can be in the system.

If I may be permitted a personal example, the University of Connecticut Library recently acquired an outstanding collection of Puerto Rican research materials. It contains more than 2,200 books, periodicals, and pamphlets collected by three generations of the Geigel family of San Juan. It covers a span of 150 years and treats all aspects of Puerto Rican life, agriculture, education, economics, labor, politics, literature, and social life.

A title II–C grant enables us to catalog this collection much more rapidly than what would otherwise be the case, to add the bibliographic records to a national data base, and to make the collection accessible to scholars interested in Puerto Rico. In view of recent events, who would not wish this collection to be widely shared in the hope that it could serve to improve our understanding of Puerto Rico and its people.

This is but one of many examples that might be cited of important collections that title II–C has helped to bring to light. For instance, East Asian collections, Chicago's collection of 7,000 titles in the history of science and technology, the University of Vermont's Canadiana collection are typical of resources in 96 institutions which have to date received support under title II–C.

In asking that the strengthening research library resources program be continued and improved, we are asking that the Congress capitalize not only on its own past investment, but also on the tremendous investment that the institutions themselves have made over the many, many years that they have been acquiring and cataloging collections of astonishing richness and diversity.

Private, independent universities and State-supported institutions alike have poured resources into building the finest libraries in the world. They now ask only modest help in preserving these collections and promoting their use.

Senator **Stafford**. We are on the red, Mr. McDonald.

Mr. **McDonald**. I have only a few more sentences.

Senator **Stafford**. Go ahead.

Mr. **McDonald**. This leads me to my final point, the absolute necessity to mount a national program to arrest deterioration of research library materials and to preserve collections for use of future generations of students and scholars.

There is a paradox here: at the same time that we believe strongly in resource sharing, we believe equally strongly in doing everything we can to protect and preserve the precious resources of the Nation's libraries. It is estimated that at least 80 million volumes are in varying stages of deterioration on the shelves of research libraries in this country.

If the resources we have are to serve the needs of scholarship, inform public opinion, and enlighten public policy, these resources must be saved from deterioration just as surely as they must be shared widely with all who think deeply about the vital issues of our times. HEA title II recognizes this important principle. It is a program of demonstrated worth, and it deserves to be continued and expanded.

On behalf of the members of the Association of Research Libraries, I wish to express appreciation for the opportunity to present our recommendations for reauthorization of HEA. Thank you.

[The prepared statement of Mr. McDonald follows:]

PREPARED STATEMENT OF JOHN P. MCDONALD

My name is John P. McDonald and I am Director of University Libraries at the University of Connecticut. I appear before the Subcommittee on behalf of the Association of Research Libraries (ARL). ARL is an organization of 118 of the largest university and other research libraries in the United States and Canada. The books, journals, archival and other materials in these libraries collectively form an invaluable national resource to support teaching, research, and scholarship. ARL members have a vital interest in the Higher Education Act, and on behalf of the membership, I appreciate the opportunity to make recommendations to you regarding the reauthorization of this legislation.

ARL and the American Library Association worked together to identify the areas of greatest need for academic research libraries. The result was a report, previously submitted to the Subcommittee, and which we request be included as part of the hearing record that contains joint recommendations for modification and addition to the Higher Education Act. In brief, we recommend that the law be reauthorized with:

- adoption of our need-based criteria for Title II-A,
- elimination of special purpose grants in Title II-B in favor of a technologically oriented grant program proposed for II-D,
- no substantive change in Title II-C,
- adoption of new language for Title II-D that supports application of new technologies in libraries, and
- additional language in Title VI-A to earmark funds for improving the availability of scholarly periodicals and research journals published outside the United States.

We recommend the following authorization levels for Titles II and VI of the Higher Education Act.

	II-A College Library Resources	II-B Library Training, Research & Development	II-C Strengthening Research Library Resources	II-D College Library Technology & Cooperation	VI-A Periodicals Published Outside the U.S.
1987	$ 12,500,000	$ 5,000,000	$ 12,500,000	$ 5,000,000	$ 1,000,000
1988	13,750,000	5,500,000	13,750,000	5,500,000	1,100,000
1989	15,125,000	6,050,000	15,125,000	6,050,000	1,200,000
1990	16,637,500	6,655,000	16,637,500	6,655,000	1,300,000
1991	18,301,250	7,320,500	18,301,250	7,320,500	1,400,000

The recommended authorization levels for Title II, parts A, B, C and D, follow the amounts in HR 5210, a bill introduced in 1984 by Representative Ford and Representative Coleman. The level recommended for Title VI, part A, represents a modest initial investment for foreign periodicals. The annual increment is based on the increase in amount paid for periodicals by member libraries of ARL in 1984 over 1983, an increase of about 9.4%. All recommended authorization levels reflect need tempered by realistic expectations.

Recommendations for Title II-A

The intent of Title II-A is to provide federal funds to libraries of institutions of higher education to acquire resource materials and to establish and maintain networks for sharing library resources among institutions of higher education. The need for such federal support continues and may be greater now than when the legislation was written originally. The price of materials to serve the academic needs of students and faculty has escalated dramatically during the past decade. According to the Library Acquisition Price Index, the average price of a U.S. hardcover book or foreign monograph more than doubled between 1974 and 1983, or from an index score of 100.0 in 1974 to 221.4 in 1983. (See The Bowker Annual of Library and Book Trade Information, 1985 edition, p.445.) A result of this is to place even greater reliance on state, regional, and national networks to share library resources. Indeed, these library networks are now absolutely essential.

Unfortunately, as the need for Title II-A funds to supplement library budgets increased, federal appropriations for the program were reduced. The grants awarded under II-A became so small and bought so little that it was questionable if the results justified the federal and institutional investment to operate the program. Consequently, no funds have been appropriated by Congress for Title II-A since 1984, pending development of criteria that could target II-A grants to those libraries most in need of the funds.

Such need-based criertia has been developed by a division of the American Library Association called the Association of College and Research Libraries (ACRL). ARL supports the criteria as effective, fair and simple to adminster and recommends that they be incorporated as part of Title II-A so that federal funds may be targeted to those academic libraries in greatest need of federal financial assistance.

Adoption of these criteria will benefit all libraries, even those that will not qualify for Title II-A grants. All libraries, regardless of size or primary audience, are linked together in formal and informal relationships. Libraries constantly share materials and refer users to institutions where needed materials are available. When any library, or category of libraries, lags behind in building collections or contributing bibliographic records to networks that support sharing of material, there is a negative impact on others in the system. ARL supports reauthorization of Title II-A because it will contribute to the overall performance of all libraries in their important task of providing support to the higher education enterprise.

Recommendations for Title II-B

The only change that ARL recommends for Title II-B is that the special purpose grants described in section 224 be replaced by a revised and technologically oriented program proposed as a new Title II-D. Application of new technology to library operations and services will greatly benefit users of academic libraries. The details of this recommendation appear later in our testimony. We recommend reauthorization of the Library Career Training and the Research and Demonstration grants but with a reallocation of the available funds so that two thirds are for training grants and one third for research and demonstration awards. The training grants provided by this section of the law have encouraged qualified individuals to the profession. Libraries seek to increase minority representation on professional staffs and II-B has been instrumental in attracting qualified minority students to enter professional library education programs. Over 70% of the fellowships awarded under II-B were to minority students.

The research program authorized under this part of Title II is the only federal program of research in library and information science. It allows the U.S. Department of Education to provide modest support for research proposals that address "improvement to libraries, training in librarianship, and information technology." Examples of how this research money has been applied are: identification of the role of the nation's libraries in response to the findings and recommendations of the National Commission on Excellence in Education, a study of entry-level professional competencies, and a study of the role of the book in the future and the influence that computer and video technologies may have on books, reading and the printed word.

Recommendations for Title II-C

ARL recommends that Title II, part C, Strengthening Research Library Resources, be reauthorized without substantive change. The program has contributed successfully to the advancement of scholarship by strengthening the collections of the nation's largest libraries and by facilitating the sharing of resources among those libraries and between them and other academic and public libraries. The only change we believe is necessary in the legislative language is elimination of a reference to section 224 (Special Purpose Grants) that we propose to delete in favor of new language for Title II, part D.

In the eight years that II-C has been funded, $46,752,264 has been allocated to fund projects in 96 different research libraries to build and expand access to significant collections and to facilitate the use and sharing of research resources. Eighty three institutions have received one or more awards directly and an additional 13 institutions have participated as members of joint projects. Title II-C projects build on existing strengths in order to assist major research libraries to make material of a unique nature, and other material not widely available, accessible not only for local use but also to researchers and scholars not connected with the parent institution of the holding library. It ensures that the most significant research collections are part of the national network of interlibrary lending and therefore extends benefits far beyond the 96 institutions that have participated thus far in the projects. (Attached to my testimony are several tables prepared by the U.S. Department of Education that provide detail about the allocation and use of II-C funds over the eight year history of the program.)

Title II-C has made a major contribution to increasing the availability and accessibility of bibliographic records for researchers. In the eight years of the program, 71% of II-C appropriations, or almost $33 million, has been awarded for projects that provide bibliographic control of material required for academic research. This support for improving bibliographic information about what libraries contain is essential if researchers are to identify and locate specific materials. To illustrate the nature of the problem, ARL member libraries alone report combined holdings of over 305 million volumes, 215 million microform units, and over 3 million periodical titles. In addition, research libraries house large collections of manuscript materials, sheet music, maps, audio-visual resources, and document collections from all levels of government in the United States and foreign countries as well as international organizations. The amount of information available in research library collections in the United States is enormous. The challenge is to identify the material that is relevant for an individual researcher and determine where that material is available for use. Without high-quality, standardized bibliographic records that describe the collections in some detail, the full potential of the resources available for research cannot be tapped.

II-C also supports two other program activities: preservation of research library materials, which received 21% of the funds (just over $10 million), and collection development, which has received 8% of all funds (not quite $4 million). While the projects undertaken in preservation and collection development have been of merit and have made significant contributions to the nation's network of research resources, the needs are so great in both of these areas that the federal funds appropriated for II-C (between $5 and $6 million each year) have been insufficient to make a dramatic impact.

The present annual authorization level of $15,000,000 is a more realistic level of support to meet the goals of II-C in all three program areas and to fund some of the projects that have been proposed but not funded by the II-C program because of limited resources. In 1983, ARL surveyed member libraries in the United States to determine projects that they would try to undertake if funds were to be made available over the next five years. Sixty three respondents identified at least $45 million in needed projects over the next five years. This included work in all three of the general program areas. At present there are many more acceptable proposals than there are funds to award. For the FY 1985 II-C awards, of the $18 million dollars requested in proposals, at least $15 million qualified for the award. However, only $6 million was appropriated for the program in that year, and therefore many excellent projects had to be rejected. While we assess that there are enough worthy projects among ARL members alone to justify an annual authorization of $15 million, we have recommended reauthorization at only $12,500,000 the first year with increments that reach $18,301,250 in the fifth year. We do so to be responsive to constraints imposed by the federal deficit and with the desire to establish authorization levels that more closely match eventual appropriation levels.

To give the subcommittee an idea of the volume of remaining work that might appropriately be supported with II-C funds, we provide the following summary of needs for research library collections.

It is increasingly difficult for libraries to develop collections at a rate that parallels the pace of world publishing output. The costs of acquiring research materials rose dramatically in the late 1970's, peaked in 1981, and then leveled off with steady but more moderate increases. ARL collects statistical data from its members regularly, including the amount spent for the purchase of library material. A ten-year analysis of information from 84 libraries that have been members and reported data since 1974-75 indicates that expenditures for books and other non-serial materials rose by 93%, expenditures for serial purchases increased by 155%, but the number of volumes held by these libraries increased by only 31%. Title II-C funds are needed to assist a library to purchase material that is of value not just to the parent institution but also to the region or nation.

The contributions of Title II-C toward increasing the availability and accessibility of bibliographic records has already been noted, however, a recent ARL study projects that there are still at least 6 to 7 million unique bibliographic records for books that are of academic significance but are not yet in machine-readable form. This means that there are 6 to 7 million items that have limited availability to scholars. While headway has been made in the past eight years, a sizable amount of work remains to be done. ARL recommends that the II-C program continue to assume a major role in supporting libraries to pursue projects that result in increased access to library materials.

A third area of great need in libraries is preservation of research library materials. Precise figures measuring the number of books and other materials threatened by deterioration are not available. Careful estimates, however, indicate the seriousness of the problem: one quarter to one half of the paper in existing research library book collections (depending on the age and nature of the collection) is already in such poor condition that further use by circulation or photocopying may result in loss of text. It is further estimated that all but approximately 10% of the remainder of book collections are likely to eventually reach the same endangered state. To illustrate, the Library of Congress estimates that 25% of the books in its general and law collections are already brittle with approximately 77,000 additional books reaching the brittle state each year. The potential loss to scholarship is staggering. The National Endowment for the Humanities has recently established an Office of Preservation that promises to focus program objectives in this important area. Nevertheless, the probable loss of such large segments of the nation's research resources is a catastrophe of such magnitude that no single solution is sufficient. The $5 million requested, but not yet appropriated, for the new NEH Office is enough to make a start but falls far short of fulfilling the federal commitment to support preservation of our intellectual heritage. By agency definition, the NEH funds will be made available for preservation of materials supporting the study of the humanities. Deteriorating paper stops at no discipline: social science, science and technology, legal and other professional literature is equally threatened! Title II-C funds should continue to be made available to contribute to the preservation of research materials.

To illustrate how Title II-C funds have been used, let me provide several examples.

> The University of Vermont received $67,777 to describe and selectively microfilm a collection of unique manuscript material relating to Canada. The project includes listing the materials in an online database and publication of a guide to this and other important Canadiana which is housed in the Library.
>
> Brown University in Providence, Rhode Island received $170,845 to enter bibliographic records describing University eighteenth century European Americana book collections into online databases. The initial focus of the project will be on Continental imprints which are not already listed in the databases. The project will alert the scholarly community about resources which for the most part are owned by no other libraries in North America, and in some cases by no other libraries in the world.
>
> The University of Utah received $220,563 over two years to create in both machine readable form and catalog card format, full bibliographic descriptions of all books included in the Landmarks of Science microform set. This is a major reference set that contains a wealth of scientific information by reproducing in microform the full text of works published from the beginning of printing to the early twentieth century. The availability of bibliographic records significantly increased the accessibility of this material.

Boston Public Library received $174,543 to take a leading role in organizing and implementing a program for the preservation of all Massachusetts newspapers in microform. The Library will seek the cooperation of other Massachusetts libraries and newspaper publishers to identify and fill gaps in holdings of newspapers published in the state. Titles will be filmed according to Library of Congress specifications and the titles will be included in online databases.

The University of Notre Dame received $58,889 to preserve and catalog 3,500 volumes in a collection of historically and scientifically significant books and journals on botany. The titles will be included in an online database and a list will be published for distribution to the scholarly community.

The University of Connecticut received $150,545 over two years to create machine readable bibliographic records for an extensive collection of Puerto Rican research material acquired by the Library. This collection of more than 2,200 titles of books, pamphlets and periodicals was collected by three generations of the Geigel family of San Juan and covers a span of 150 years, treating all aspects of Puerto Rican life.

The University of Hawaii received $140,000 to prepare machine readable records for a collection of unique and extensive research material of Hawaiiana so that the resources will be accessible to scholars unable to travel to the library. Sampling indicates that 85% of this material is unique to this library.

The University of Chicago received $195,000 to describe in machine readable form 7,000 rare titles in the history of science and technology. These titles include the uncataloged portion of the John Crerar Library rare book collection now housed in the University of Chicago Library.

The University of Illinois in Chicago received $151,690 to improve scholar access to the Corporate Archives of the Chicago Board of Trade. This unique collection of internal documents from the world's largest futures exchange covers the period from 1893 to 1973 and measures 1,100 linear feet.

The University of South Carolina in Columbia received $401,348 over three years to produce an online catalog of the complete collections of the Fox Movietone news film given to the University by Twentieth Century Fox. This collection represents the largest assemblage of newsfilm covering the period 1919-1963.

The benefits of II-C have been significant and serve the nation's scholars now and into the future. In order to guarantee that projects supported with II-C funds continue to be carried out effectively, and the results shared widely with the public, ARL asks that the committee consider including two points in the report that accompanies your legislation: (1) the need for II-C proposals to specify adherence to national standards and/or widely-accepted guidelines, and (2) the provision of effective bibliographic control for material acquired or preserved as part of a II-C project. Proposals for federal funds for preservation of the content of research materials by microfilming should be reviewed to ensure that preservation microfilming standards and guidelines will be observed insofar as they apply. Sources of preservation microfilming standards and guidelines include the American National Standards Institute, the Library of Congress, the Research Libraries Group, and the Society of American Archivists. Also, an effective means for providing access to material acquired or preserved with federal funds should be addressed in the proposal. The most effective means of providing access is usually the preparation of machine-readable bibliographic records with provision for these records to be available to any library or shared-cataloging database that wishes to obtain them. Such language in your report will continue to ensure that future appropriations will be used to the broadest possible benefit.

Recommendations for Title II-D

Entirely new language is recommended for Title II, part D, which would replace the never-funded national periodical system with a College Library Technology and Cooperation Grants program. The purpose of the proposed program is to assist academic libraries with application of new information and telecommunication technologies to improve user access to collections, increase sharing of resources among libraries, streamline the acquisition and organization of materials, and to maintain and provide service for library materials that are available in new electronic formats. ARL recommends that the program make minimum awards of $15,000 which could be expended over a three year period.

A minimum award of $15,000 is recommended because we believe smaller amounts would have limited impact. It would also establish a minimum commitment of $5,000 from the institution, state or a private source since the proposal requires that funds matching at least one third of the federal award be spent for the same purpose. Allowing up to three years for a library to spend an award is a practical recommendation because the nature of projects supported by the program may require this much time to be planned, developed, and fully implemented.

ARL recommends that four categories of recipients be recognized in Title II-D. The first category of eligible recipients are institutions of higher education that can demonstrate a need for special assistance for the planning, development, acquisition, installation, maintenance, or replacement of technological equipment (including computer hardware and software) to enable those institutions to participate in networks for the sharing of library resources. Many academic libraries have not been able to allocate sufficient funds from their operating budgets to take advantage of network participation. The capital costs have posed a significant barrier. This program would help these institutions acquire the equipment necessary to join a network for sharing library materials or, if already a member, to permit fuller and more effective participation.

A second category of eligible recipients are combinations of higher education institutions which demonstrate a need for special assistance to establish and strengthen joint-use library facilities, resources, or equipment. Support of this sort would encourage several institutions to work together to share facilities, resources or equipment for technological applications. It would, for example, permit one library that has already applied technology to some library operations, to expand its own computer capabilities by offering to share facilities, resources or equipment with one or more libraries which may not have been able to acquire equipment on their own.

A third category of beneficiaries of this program are other public or private non-profit organizations that provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services to institutions of higher education. Encouragement and financial support for not-for-profit organizations that provide library and information services to institutions of higher education is an investment that will benefit the education community many times over. Federal funds invested to improve or expand the services of such organizations will help ensure that current and effective technological applications are widely adopted in academic libraries.

The fourth category of institutions eligible to receive grants under this proposal for II-D are institutions of higher education conducting research or demonstration projects to meet national or regional needs in utilizing technology to enhance library or information services. These grants would encourage institutions of higher education that have pioneered in developing applications of new technologies to pursue research and demonstration projects to develop exemplary uses of new technologies that have application in many libraries. As with the funds for non-profit organizations providing services to institutions of higher education, federal support for such advanced research and development projects in institutions of higher education would be a wise investment for the future.

The rate of change in technology development requires that this program be administered at the federal level by a person who is demonstrably an expert in state-of-the-art library technology. We ask that the committee consider this recommendation to ensure that the program is carried out efficiently and effectively.

The College Library Technology and Cooperation Grants program (II-D) is significantly different from the Strengthening Research Library Resources program (II-C) and ARL recommends that institutions not be prohibited from receiving funds under both parts in the same year. The purpose of the II-C program is to build, describe and preserve the collections of major research libraries. The focus is, and should remain, on the resources. The focus of the proposed II-D program is application of new technology to library operations to make library resources more accessible and available. It is less concerned with the nature of the resources in the collection than it is with the management and transmission of information about the collection to users. Both aspects need to be emphasized, but not at the expense of one another, in order to provide quality library support to the academic community of this country.

An additional reason for allowing an institution to compete for awards from both programs stems from the cooperative nature of the II-D awards. Requiring a library which is eligible for a II-C award to make a choice between it and a II-D application could result in undesirable restrictions on participation in cooperative II-D projects and elimination of qualified applicants.

Recommendations for Title VI-A

The purpose of Title VI of the Higher Education Act is to "assist in the development of resources and trained personnel for international study, international research, and foreign language study and to coordinate programs of the Federal Government in the areas of international study and research and foreign language study." Part A of Title VI establishes grants for institutions of higher education to establish, strengthen and operate graduate and undergraduate centers and programs to serve as national resources for the pursuit of the purpose of Title VI. The current law specifies that grants to such centers having important library collections may be used for the maintenance of such collections. In fact, the U.S. Department of Education has encouraged Title VI center applicants to use some of their funding for this purpose but over the years there has been a decline in the percent of Title VI funds allocated for the purpose of maintaining or strengthening library collections. The percent of total Title VI grants used for library resources declined from 21.2% in 1973-74 to 15.9% in 1981-82 (the last year the Department of Education prepared such a calculation). This decline has paralleled an increase in the cost of maintaining a library collection. The result is a serious threat to research requiring material published outside the United States where delayed acquisition may mean that material is unavailable because of small print runs. The proposed amendment addresses the category of material published outside the United States that is most vulnerable to curtailed or erratic availability of funds: periodicals.

ARL is therefore proposing that a new section be added to Title VI, part A, which would earmark funds for the specific purpose of acquiring periodicals published outside the United States which are of scholarly or research importance. Significant improvement in the nation's collections of periodicals from foreign countries depends upon reasonable assurance that funding will be available to continue acquiring the titles once they have been selected. Otherwise the original acquisition may prove to be too fragmentary to be of significance.

We recommend Title VI be amended to establish a separate program for the acquisition and sharing of periodicals published outside the United States for four reasons. Our first reason for recommending this change stems from the decline of VI-A funds made available to libraries. While these funds have been helpful as far as they have reached, the decline of the amounts made available from year to year limits the impact they make. Secondly, reliable and consistent funding is necessary to avoid serious gaps in the holdings of this country's collections of periodicals published outside our borders. A third point is that while other sections of the Higher Education Act might be applied toward this purpose, the competition for funds is great and adoption of this amendment would assure that a modest annual appropriation is earmarked for this particular purpose. Finally, and most importantly, the material is essential for the successful accomplishment of the purpose of Title VI. Our students and scholars cannot gain an understanding of foreign language and international studies relying only upon material published within this country and foreign periodical literature provides current and relevant articles.

Conclusion

On behalf of all the members of ARL, I wish to express our appreciation for this opportunity to present our recommendations for reauthorization of the Higher Education Act. We are convinced that the modifications or additions we propose would focus federal support for academic libraries on programs that would result in significant achievements and contribute to the advancement of higher education. I will be happy to try to answer any questions that members of the Subcommittee may have. I thank you for your time and attention.

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The following charts were prepared by the

U.S. Department of Education

to document the allocation and use of funds for

Title II-C, Strengthening Research Library Resources,

over the eight year history of the program.

STATE PROJECT AND FUNDING TOTALS FOR FY 78 - FY 85

State	FY 1978		FY 1979		FY 1980		FY 1981		FY 1982		FY 1983		FY 1984		FY 1985		TOTALS	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
ALASKA			1	$150,000		$ 4,116					1	$187,269					2	$341,385
ARIZONA					1	202,549	1	$184,785			1	98,978	1	$ 95,640			4	581,952
CALIFORNIA	2	$846,500	3	1,175,000	2	1,247,332	2	335,708	3	$493,326	3	431,821	4	1,128,461	2	$496,877	21	6,155,025
COLORADO	1	219,103	1	215,000	1	236,356											3	670,459
CONNECTICUT	1	149,800	1	160,000	1	295,051	1	228,000	1	400,000	2	493,372	1	82,173			8	1,808,396
DISTRICT OF COL.	1	142,023							1	108,990	1	58,861			3	274,964	6	584,838
FLORIDA							1	800,000			1	378,459	1	700,000			3	1,878,459
HAWAII							1	150,000							1	140,000	2	290,000
ILLINOIS	3	483,416	3	443,749	3	323,076	5	610,287	4	516,494	3	546,290	6	879,462	6	822,636	33	4,625,410
INDIANA	1	389,106	1	200,000		4,116	1	145,000	1	167,516	1	230,080	1	608,522	1	58,889	7	1,803,229
IOWA							1	127,975									1	127,975
KANSAS			1	116,689	1	136,967			1	148,500	1	144,313			1	126,147	5	672,616
KENTUCKY															1	142,080	1	142,080
MARYLAND											1	71,456			1	93,356	2	164,812
MASSACHUSETTS	2	621,371	2	450,000	1	404,889	2	354,816	3	687,867	3	548,546	2	312,499	3	619,152	18	3,999,140
MICHIGAN			1	350,000	1	606,000	1	300,000	1	133,901	1	165,337	1	86,645	3	338,796	9	1,980,679
MINNESOTA									1	66,309	1	122,602					2	188,911
MISSOURI	1	200,000	1	200,000	1	244,571					1	205,168	2	130,555	1	202,757	7	1,183,051
MONTANA															1	115,403	1	115,403
NEBRASKA									1	90,000							1	90,000
NEW HAMPSHIRE							1	150,000					1	183,336	1	249,916	3	583,252
NEW JERSEY	1	219,395	2	450,000	1	157,777			1	110,000			1	116,566	1	93,575	7	1,147,313
NEW YORK	3	1,050,700	5	1,237,062	3	788,197	3	1,113,994	3	455,014	7	1,376,855	7	903,907	8	1,303,621	39	8,229,370
NORTH CAROLINA	1	250,000	1	220,500	2	571,445	1	270,937	1	339,017	1	305,951	1	144,532			8	2,102,372
OHIO							2	259,306	3	611,167	1	113,093			1	133,500	7	1,117,066
OKLAHOMA									1	203,451							1	203,451
PENNSYLVANIA					1	167,739	1	43,680	1	106,798	1	106,875	4	370,713	4	304,578	12	1,102,383
RHODE ISLAND					1	272,471	1	165,000	1	168,626					1	170,845	4	776,942
SOUTH CAROLINA							1	172,000	1	132,736	1	96,612					3	401,348
TENNESSEE									1	148,159	1	51,918					2	200,077
TEXAS	1	250,000	1	150,000	1	175,000	1	174,000	2	240,439	1	180,998	1	184,944	1	119,671	9	1,475,052
UTAH							1	110,883	1	119,680							2	230,563
VERMONT															1	67,777	1	67,777
VIRGINIA			1	300,000		500					1	85,146	1	72,045			3	457,691
WASHINGTON	1	93,327			1	150,000	1	175,025	1	250,000							4	668,352
WISCONSIN	1	85,255	1	182,000		4,116	1	128,604	1	60,000					1	125,460	5	585,435
TOTALS	20	$4,999,996	26	$6,000,000	22	$5,992,268	30	$6,000,000	36	$5,760,000	35	$6,000,000	35	$6,000,000	43	$6,000,000	246	$46,752,264

Totals and Percentages of Major Activities
FY 78 - FY 85

Fiscal Year	Bibliographic Control	Percent of Funding	Preservation	Percent of Funding	Collection Development	Percent of Funding	Total Funding
1978	$ 2,864,339	57	$ 1,340,554	27	$ 795,103	16	$ 4,999,996
1979	3,978,366	66	1,393,201	23	628,433	11	6,000,000
1980	4,345,765	73	805,383	13	841,120	14	5,992,268
1981	4,249,840	71	1,298,542	22	451,618	7	6,000,000
1982	4,042,549	70	1,521,258	27	196,193	3	5,760,000
1983	4,738,575	79	909,612	15	351,813	6	6,000,000
1984	4,526,772	76	1,044,973	17	428,255	7	6,000,000
1985	4,236,695	70	1,729,997	29	33,308	1	6,000,000
Totals	$32,982,901	71	$10,043,520	21	$ 3,725,843	8	$46,752,264

SUMMARY OF PROGRAM FUNDING RECORD

Fiscal Year	Authorization	Request	Appropriation	Awarded
1977	$10,000,000	0	0	0
1978	$15,000,000	$5,000,000	$5,000,000	$4,999,996
1979	$20,000,000	$5,000,000	$6,000,000	$6,000,000
1980	$20,000,000	$6,000,000	$6,000,000	$5,992,268
1981	$10,000,000	$7,000,000	$6,000,000	$6,000,000
1982	$15,000,000	$6,000,000	$5,760,000	$5,760,000
1983	$15,000,000	$ 0	$6,000,000	$6,000,000
1984	$15,000,000	$ 0	$6,000,000	$6,000,000
1985	$15,000,000	$ 0	$6,000,000	$6,000,000
		Totals	$46,760,000	$46,752,264

SUMMARY OF MAJOR ACTIVITY FOR FY 78 - FY 85

Institution	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	Total Funds
Academy of Natural Sciences				B $ 43,680			B-P $130,016	B $ 55,293	$ 228,989
American Museum of Natural History	B-C $250,000	B-C $242,165	B-C $237,819	B-P $166,539	B $125,929		P-C 83,953	P 145,739	$1,252,144
Art Institute of Chicago	P-C 163,200							P 64,093	$ 227,293
Boston Public Library	B 238,240	B 150,000	4,116*	P 187,069	P 158,139	P 157,577		P 174,543	$1,069,684
Brown University			B-C 272,471	B 165,000	B-P 168,626			B 170,845	$ 776,942
Center for Research Libraries				B 122,809	B 230,011	B 299,488	B 114,278	P 145,000	$ 911,586
Cleveland Public Library				B 80,306					$ 80,306
Colorado State University	B 219,103	B 215,000	B 236,356						$ 670,459
Columbia University		P 250,000	4,116*			B-P 349,530		B 210,120	$ 813,766
Cornell University		C 194,897	B-C 240,413	B-C 284,639		B 241,204	B 99,734		$1,060,887
Dartmouth College				B-P 150,000			B-P-C 183,336	B-P 249,916	$ 583,252
Detroit Public Library								B-P 106,030	$ 106,030
Duke University	C 250,000		C 250,000						$ 500,000
Folger Shakespeare Library	B-P-C 142,023				B-P-C 108,990	B-C 58,861		B 80,368	$ 390,242
George Washington University								B-P 99,670	$ 99,670
Georgetown University								B 94,926	$ 94,926
Harvard University	P 383,131	P 300,000	P 400,773	P 167,747	B-P 288,985	B-P 249,834	B-P 249,998	B-P 227,092	$2,267,560
Huntington Library	P 171,500	P 225,000	P 251,551			B 35,750			$ 683,801
Indiana University	B-C 389,106	B 200,000	4,116*	B 145,000	B 167,516	B-P-C 230,080	B 608,522		$1,744,340
Iowa State University				B-P 127,975					$ 127,975
John Hopkins University						B-P 71,456		B 93,356	$ 164,812

Institution	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	Total Funds
Massachusetts Institute of Technology					B-P $240,743	B-P $141,135	B $ 62,501	B $217,517	$ 661,896
Metropolitan Museum of Art						B-P 101,850			$ 101,850
Michigan State University					—	B-P 165,337	B 86,645		$ 251,982
Missouri Botanical Garden	B $200,000	B $200,000	B $244,571						$ 644,571
New York Botanical Garden					B 225,042	B 273,359			$ 498,401
New York Historical Society							B-P 69,929	B-P 65,585	$ 135,514
New York Public Library	P 550,700	P 300,000		B-P 662,816			P 235,339	P 212,583	$1,961,438
New York State Education Department	B 250,000	B 250,000	B 305,849			B 152,748			$ 958,597
New York University							B-P 185,136	B 166,887	$ 352,023
Newberry Library				P 131,658					$ 131,658
Northern Illinois University							B 93,480	B 141,753	$ 235,233
Northwestern University		B-C 250,000	4,116*		B-C 55,104		B 172,193		$ 481,413
Ohio State University				B-C 179,000	B-C 101,017	B-C 113,093			$ 393,110
Ohio University					B 115,999			B 133,500	$ 249,499
Pierpont Morgan Library						B-P 89,675	B-P-C 97,456		$ 187,131
Princeton University	B 219,395	B 250,000	B 153,661		B-P 110,000		B 116,566	P 93,575	$ 943,197
Rice University					B 82,858				$ 82,858
Rutgers University		B-P 200,000	4,116*						$ 204,116
Southern Illinois University				B-P-C 180,000	B-P 90,006				$ 270,006
Stanford University				B 209,013	B 231,030	B 287,448	B 350,000	B 240,377	$1,317,868
Stanford University Hoover Institute							P 262,000		$ 262,000

Institution	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	Total Funds
State Historical Society of Wisconsin								B-P 125,460	$ 125,460
SUNY at Buffalo					B 104,063	B 168,489		B 109,707	$ 382,259
Syracuse University							B-P 132,360	P 160,000	$ 292,360
Temple University							B-P 66,748		$ 66,748
University of Alaska		B-P 150,000	4,116*			P 187,269			$ 341,385
University of Arizona			B-C 202,549	B 184,785		B 98,978	B 95,640		$ 581,952
University of California, Berkeley	B 675,000	B 750,000	B 995,781		B-P-C 157,297		B-P-C 250,566	B-P-C 256,500	$3,085,144
University of California, Davis					B-P 104,999				$ 104,999
University of California, San Diego						B-P-C 108,623	B-P-C 265,895		$ 374,518
University of Chicago	B 250,000	B-P-C 68,749	B-P-C 254,040	P-C 55,820		B-P-C 136,119	B 159,247	B 195,000	$1,118,975
University of Cincinnati					B-P 394,151				$ 394,151
University of Connecticut						B 68,372	B 82,173		$ 150,545
University of Florida				B 800,000		B 378,459	B 700,000		$1,878,459
University of Hawaii				B 150,000				B 140,000	$ 290,000
University of Illinois	C 70,216	C 125,000	C 64,920	B-C 120,000	B-C 141,373	B-C 110,683	B-C 182,429	B-C 125,100	$ 939,721
University of Illinois, Chicago							B 157,835	B 151,690	$ 309,525
University of Kansas		B 116,689	B 136,967		B-P 148,500	B-P 144,313		B 126,147	$ 672,616
University of Kentucky								B-P 142,080	$ 142,080
University of Michigan		B 350,000	B 606,000	B 300,000	B-P 133,901			B-P-C 232,766 (2)	$1,622,667
University of Minnesota					B 66,309	B 122,602			$ 188,911
University of Missouri							B 68,230	B-P 202,757	$ 270,987

Institution	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	Total Funds
University of Montana								B 115,403	$ 115,403
University of Nebraska					B-P-C 90,000				$ 90,000
University of North Carolina		B 220,500	B 321,445	B 270,937	B 339,007	B 305,951	B 144,532		$1,602,372
University of Notre Dame								B-P 58,889	$ 58,889
University of Oklahoma					B 203,451				$ 203,451
University of Pennsylvania			B-P 167,739		B-P 108,798	B 106,875	B 103,982	B 98,800	$ 586,194
University of Pittsburgh							B-C 69,967	B-P 150,485 (2)	$ 220,452
University of Rochester								B 233,000	$ 233,000
University of South Carolina				B 172,000	B 132,736	B 96,612			$ 401,348
University of Southern California		B 200,000		B-C 126,695					$ 326,695
University of Tennessee						B 51,918			$ 51,918
University of Texas	B-C 250,000	B-C 150,000	B-C 175,000	B-P-C 174,000	P-C 157,581	B 180,998	B 184,944	B 119,671	$1,392,194
University of Utah				B 110,883	B 119,680				$ 230,563
University of Vermont								B-P-C 67,777	$ 67,777
University of Virginia		B 300,000	500*			B 85,146	B 72,045		$ 457,691
University of Washington	B 93,327		B 150,000	B-P 175,025	B-P 250,000				$ 668,352
University of Wisconsin	B 85,255	B 182,000	4,116*	P 128,604	B-P 60,000				$ 459,975
Vanderbilt University					B 148,159				$ 148,159
Washington University						B-C 205,168	B 62,325		$ 267,493
Yale University	P 149,800	P 160,000	B-P 295,051	B-P 228,000	B 400,000	B 425,000			$1,657,851

B - Bibliographic Control
P - Preservation
C - Collection Development

SUMMARY OF JOINT PROJECTS - FY 78 - 85

Amount of Grant	Grantee		Participating Institutions
FY 1978			
$250,000	Duke University	C	Univ. of N. C. at Chapel Hill N. C. State Univ., Raleigh
$200,000	Missouri Botanical Garden	B	New York Botanical Garden
$675,000	University of Calif., Berkeley	B	Stanford University Univ. of Calif., Los Angeles
FY 1979			
$200,000	Missouri Botanical Garden	B	New York Botanical Garden
$750,000	University of Calif., Berkeley	B	Stanford University Univ. of Calif., Los Angeles
$350,000	University of Michigan	B	Michigan State University Wayne State University
$300,000	University of Virginia	B	University of Alabama Univ. of South Carolina Vanderbilt University
FY 1980			
$250,000	Duke University	C	Univ. of N. C. at Chapel Hill N. C. State Univ., Raleigh
$244,571	Missouri Botanical Garden	B	New York Botanical Garden
$995,781	University of Calif., Berkeley	B	Stanford University Univ. of Calif., Los Angeles
$606,000	University of Michigan	B	Michigan State University Wayne State University
Y 1981			
$662,816	New York Public Library	B-P	Columbia University New York University
$800,000	University of Florida	B	Emory University Florida State University University of Georgia University of Kentucky University of Miami University of Tennessee Virginia Polytechnic Inst.
$300,000	University of Michigan	B	Michigan State University Wayne State University
FY 1982			
$225,042	New York Botanical Garden	B	Missouri Botanical Garden
$400,000	Yale University	B	Cornell University Stanford University
FY 1983			
$273,350	New York Botanical Garden	B	Missouri Botanical Garden
$378,459	University of Florida	B	Emory University Florida State University Louisiana State University University of Alabama University of Georgia University of Kentucky University of Miami University of Tennessee Virginia Polytechnic Inst.
$306,951	University of North Carolina	B	Duke University N. C. State Univ., Raleigh
$425,000	Yale University	B	Cornell University Stanford University
FY 1984			
$600,522	Indiana University	B	University of Arizona Univ. of Calif., Riverside University of Delaware University of Utah
$700,000	University of Florida	B	Emory University Florida State University Georgia Institute of Technology Louisiana State University University of Alabama University of Georgia University of Kentucky University of Miami University of South Carolina University of Tennessee Vanderbilt University Virginia Polytechnic Inst.
$144,532	University of North Carolina	B	Duke University N. C. State Univ., Raleigh
FY 1985			
$233,000	University of Rochester	B	Indiana University Univ. of Calif., Berkeley

Total funding of joint projects for FY 78 - FY 85--- $10,278,033

Total number of institutions--grantees------------------------ 12

Total number of institutions--participants------------------- 30

Total number of participating institutions which have
also been grantees on their own---------------------------- 14

Twenty-two of the twenty-four joint projects (91%) supported bibliographic control efforts.

B - Bibliographic Control
P - Preservation
C - Collection Development

Senator STAFFORD. Thank you very much, Mr. McDonald. Our final witness this morning I am particularly glad to welcome here, representing the University of Vermont. I must say that the hearings this morning have taken me back to my intercollegiate days because for 4 years I found myself playing team sports, including football, against the University of Vermont.

Ms. Eaton, we would be very glad to hear from you.

Ms. EATON. Thank you, Mr. Chairman and Senator Pell. My name is Nancy Eaton. I am director of libraries at the University of Vermont. In addition, I am the immediate past president of the Library and Information Technology Association, a division of the American Library Association, and a member of the ALA's legislation committee.

I appreciate the opportunity to address the subcommittee on those aspects of the Higher Education Act which pertain to libraries and to the education of library personnel and patrons.

Inflation continues to affect libraries at a rate higher than inflation for the overall economy. New information technologies require major capital investments and new instructional efforts. These realities make the Higher Education Act even more crucial to libraries today than when it was passed in 1965.

On behalf of the American Library Association, I wish to address my comments today primarily to title II, research libraries, with additional written comments on title X, the fund for the improvement of postsecondary education, and title VI, international education.

The original purpose of title II-A, college library resources, was to provide grants to academic libraries to assist in the maintenance and improvement of library collections and to enable them to share resources and participate in library networks.

This need still exists. According to recent statistics, U.S. hardcover books are 3.5 times more expensive and U.S. periodicals and foreign books about five times more expensive than they were in 1967. Thus, there is no doubt that many academic libraries desperately require aid to buy even basic materials in support of their student and faculty needs.

There has been a strong sentiment that title II-A should be a needs based program rather than an entitlement program. We would support this reorientation. To give an example from home, let me use the University of Vermont and Trinity College, which is across the street from the university. The last year of funding under this title, both the university and Trinity received $890 under title II-A even though the university's book budget was $1,239,000 versus $23,300 for Trinity. Clearly, as a needs program with the new guidelines of $2,000 to $10,000, title II-A would have a much greater impact for improvement at Trinity than previously, and the university would not qualify for funding.

My colleague, Dr. Summers, has talked about title II-B, and I would only support his comments.

Title II-C has contributed substantially to the advancement of scholarship by strengthening the collections of research libraries and facilitating the sharing of resources among libraries through improved bibliographic access. However, funds have been available to fund only about one-third of qualified applicants. A majority of the projects funded under title II-C have been for the organization and description of unique collections and the addition of that descriptive information to national data bases so that this material can be located by scholars nationally.

Other grants have focused on the preservation of rapidly deteriorating collections, and a few have focused on the use of new technology in the description and location of information. All of these have been to the benefit of scholarship nationally.

The University of Vermont this year has been a recipient of a title II-C grant for the first time. Our project is Canadian-United States economic and business relations: a description of our manuscript holdings. While in the past we have been able to catalog and add to the national data bases our published Canadiana material, we have not had sufficient funds to process a very rich manuscript collection, including papers from Senator Aiken, material on the St. Lawrence Seaway, papers between Canada and Vermont dealing with energy, and so on.

Under this grant we will be able to identify and index the most important materials, microfilm them for access by scholars nationally, and add them to national bibliographic data bases for purposes of identification and location.

Finally, I would like to comment on title II-D. The current title II-D, the national periodical system, which was never funded; we suggest that it be deleted and in its place a new title II-D be added for college library technology and cooperation grants.

Under the new proposal, competitive grants of at least $15,000 for up to a 3-year period with a one-third matching requirement would be made to various combinations of institutions and consortia of higher education in order to plan, develop, acquire, install, and maintain technological systems for information storage and retrieval.

This new title II-D recognizes the capitalization costs of new technology which can be a formidable barrier to the implementation of new information systems, systems which can cost in the millions of dollars.

Finally, I would like to supply for your information in the hearing record a more detailed version of our recommendations submitted jointly by the American Library Association and the Association of Research Libraries. I urge you to extend the Higher Education Act with the modifications discussed in this testimony. Thank you.

[The prepared statement of Ms. Eaton and a copy of ALA/ARL recommendations follow:]

Statement of

NANCY L. EATON
UNIVERSITY OF VERMONT LIBRARIES

on behalf of the

AMERICAN LIBRARY ASSOCIATION

before the

Subcommittee on Education, Arts and Humanities

Senate Committee on Labor and Human Resources

on the

Reauthorization of the Higher Education Act of 1965

September 19, 1985

My name is Nancy L. Eaton. I am Director of Libraries at the University of Vermont. In addition, I am immediate past president of the Library and Information Technology Association (a division of the American Library Association) and a member of the American Library Association's Legislation Committee. I appreciate the opportunity to address this Subcommittee on those aspects of the Higher Education Act which pertain to libraries (collections, services, and networks) and to the education of library personnel and patrons. Inflation continues to affect libraries at a rate higher than inflation for the overall economy, and new information technologies require major capital investments and new instructional efforts. These realities make the Higher Education Act even more crucial to libraries today than when it was passed in 1965.

On behalf of the American Library Association, I wish to comment primarily upon the Higher Education Act (HEA) Title II--Research Libraries, with a few observations on Title X--Fund for the Improvement of Postsecondary Education, and Title VI--International Education. The American Library Association (ALA) is a non-profit, educational organization of 42,000 members---librarians, library trustees, educators, authors, and other supporters of libraries. The ALA has previously supported federal legislation which strengthened academic and research libraries; and it passed a resolution on January 9, 1985, in support of extending and amending the Higher Education Act (attached).

HEA Title II-A: College Library Resources. The original purpose of Title II-A was to provide grants to academic libraries to assist in the maintenance and improvement of their library collections, and to enable them to share resources and participate in library networks. This need still exists. The 1985 Bowker Annual of Library and Book Trade Information reports that the average cost of a U.S. hardback book rose from $19.22 in 1977 to an estimated $29.82 in 1984. It also reported that U.S. periodical prices are expected to rise by an estimated 9.9 percent in 1985. According to Halstead's 1983 Inflation Measures for Schools and Colleges, U.S. hardcover books are 3½ times more expensive and U.S. periodicals and foreign books about 5 times more expensive than they were in 1967. Thus, there is no doubt that many academic libraries desperately require aid in the acquisition of sufficient library resources to meet their students' and faculty's needs.

There has been a strong sentiment that Title II-A should be a needs-based program rather than an entitlement program. We support this reorientation of Title II-A, whereby grants would be targeted to the neediest academic libraries, with larger grants per library, in order that the grants will have greater programmatic impact.

In 1984, two bills were introduced into Congress that suggested needs criteria for Title II-A. Because neither of these sets of criteria was totally satisfactory to academic librarians, the Congress asked the library community to propose appropriate measures of need. The Legislation Committee of the Association of College and Research Libraries worked with many proposals and suggestions from the library community to create a working definition of "needy library." Based on all the factors suggested, a type of discriminate analysis was used to see if any factors consistently described "needy" libraries. This resulted in a recommendation that:

> Funding should be available to those libraries which rank below the norm when scored for both "materials expenditure/FTE student" and "volumes held/FTE student."

While the criteria suggested might not satisfy every possible definition of a "needy library," they are relevant to the purpose of the program (expansion of college library resources) and constitute a statistically valid test of need, based on statistics which are readily available.

In applying the above needs criteria, libraries would be compared to like institutions according to the classifications designated by NCES/HEGIS, e.g. 2-year, 4-year, university, etc. Maintenance of effort in relation to materials expenditures must be assured as designated in current law. A graduated amount between $2,000 and $10,000 would be awarded to needy libraries annually, based on the institution's FTE enrollment range. Insufficient appropriations would result in fewer grants, not smaller grants. Libraries would be expected to designate how they plan to use the funds on the grant application forms and to report on their use after the grant period in conjunction with their final financial reports. An evaluation would be conducted after two years to determine the effectiveness of the program. Research libraries receiving support under Title II-C would be ineligible for Title II-A funds during that year.

Based on personal experience, I strongly support the use of needs criteria and the awarding of larger grants to fewer truly needy institutions. During 1982/83, both the University of Vermont and Trinity College, located across the street from the University, each qualified for a Title II-A grant of $890, even though their respective materials budgets were $1,239,040 versus $23,300. Under the new needs criteria, the university library would not qualify, and a grant of $2,000 - $10,000 would be a significant addition to the Trinity College Library's ability to purchase materials.

HEA Title II-B: The Title II-B program, which is designated for training and for research and development projects, has played a major role in attracting minorities to the profession of librarianship and in stimulating innovation, particularly in the adaptation of new technologies.

The training component increases opportunities for members of underrepresented groups to enter the library profession and to advance professionally. In the last decade, about 1,500 persons, including many women and minorities, have been recipients of HEA Title II-B fellowships. Since the early 1970s, the Title II-B training program has concentrated on recruitment of minorities to librarianship. Of the 1,468 fellowships funded during FY

1973-84, 1,032 or over 70 percent were awarded to minorities. This need is still great, since a recent survey showed that professional staffing in libraries is only 5.8 percent Black, 4 percent Asian, 1.8 percent Hispanic, and 0.2 percent Native American.

The only coordinated program of research in library and information science is also funded by Title II-B. This program has made an impact in two important areas: the development of innovative methods used in extending service to underserved groups, and the adaptation of newer information and communications technologies to library operations. Funding for research in library and information science is an investment in the future of libraries and their ability to use technology to improve service to our information society. Therefore, we recommend continuation of Title II-B in its present form, with the exception of the unfunded Section 224. We recommend that Section 224 be deleted, since a revised and technologically-oriented version of the Special Purpose Grants is proposed as a new Title II-D.

HEA Title II-C: This program has contributed substantially to the advancement of scholarship by strengthening the collections of research libraries and facilitating the sharing of resources among libraries through improved bibliographic access. However, funds have been available to fund only a third of qualified applicants.

A majority of the projects funded under Title II-C have been for the organization and description of unique collections and the addition of the descriptive information to national data bases, so that this material can be located by scholars nationally. Others have focused on preservation of rapidly deteriorating collections. A few have focused on the use of new technology in the description and location of material. The use of computerized bibliographic networks such as the Research Libraries Information Network (RLIN) and Online Computer Library Center (OCLC) has become standard in modern research libraries for the location and sharing of resources. The continuation of progress already made under Title II-C in this regard is extremely important.

The University of Vermont qualified for a Title II-C grant for the first time in FY 1986. Our project is "Canadian/United States Economic and Business Relations: A Description of the Manuscript Holdings in the Special Collections Department of the Bailey/Howe Library." As a state bordering Canada, it is natural that we should have unusually valuable material on Canadiana which is of value to scholars internationally. While we have catalogued and added most of our published Canadiana material to the OCLC data base, we have not had sufficient funds to process manuscript collections and to describe them in depth. This Title II-C grant will allow us to describe and index one portion of our Canadiana materials, to analyze the collection for identification of materials which should be added to strengthen it, and to microfilm the most important material for purposes of preservation and dissemination to scholars.

A recent review and evaluation prepared for the Department of Education noted that Title II-C "has given the nation tens of thousands of unique titles acquired for scholarly investigation, thousands of fragile and irreplaceable volumes preserved for long term use, and hundreds of thousands of bibliographic records linked through online data files, in a format which will enable individual research scholars to locate items not held at the local research library." Thus, the American Library Association supports the continuation of Title II-C, with no recommendations for major changes.

For a moment, I would like to speak as the director of a medium-sized research library in a small state with limited financial resources rather than as a representative of the American Library Association. The current evaluation process for Title II-C grants is in two parts. The first part is an analysis of the library to determine whether it qualifies as a research library; and the analysis is heavily quantitative, based on number of volumes held, number of interlibrary loan transactions, etc. A library must pass the screening to qualify as a research library before the second part, the proposal itself, can be approved. This works to the disadvantage of medium-sized research libraries which have unique materials which merit consideration for grants but which may not be able to pass the quantitative screening. One way to minimize this problem would be to qualify at least one library in each state during each year's evaluations. The proposals would still be competitive; this would only allow such libraries a chance to get their proposals into the pool for consideration. I therefore suggest this revision to Title II-C for the Subcommittee's consideration. The qualification of at least one library per state per fiscal year has been suggested in the past, and I believe you would find substantial support for this modification from medium-sized research libraries.

HEA Title II-D: The current Title II-D, the National Periodical System, has never been funded. We suggest that it be deleted, and in its place would be a new part D for College Library Technology and Cooperation grants. This proposal follows the Part D program proposed last year in HR 5210 by Representatives Ford and Coleman and was based on a recommendation by the American Council on Education. Under the new Title II-D, competitive grants of at least $15,000 for up to a three-year period would have a one-third matching requirement and would be made to:

(1) Institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, installation, maintenance, or replacement of technological equipment (including computer hardware and software) necessary to participate in networks for sharing of library resources.

(2) Combinations of higher education institutions which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment.

(3) Other public and private nonprofit organizations which provide library and information services to higher education institutions on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services to higher education institutions.

(4) Institutions of higher education conducting research or demonstration projects to meet special national or regional needs in utilizing technology to enchance library or information sciences.

The new Title II-D recognizes that the capitalization costs of new technology can be a formidable barrier to implementation of new information and telecommunications systems in higher education and the library and information environment. To give a specific example, libraries in the state of Vermont hope to implement a statewide library computer network. A joint effort under way between the University of Vermont, the Vermont Department of Libraries, and Middlebury College to begin such a network is projected to cost $2,500,000 over a five-year period for the initial three institutions. The majority of this is one-time start-up cost for equipment and software.

A new and exciting information technology is the use of videodisc and optical disc for storage and retrieval of information. A new videodisc system demonstrated at the July, 1985 annual conference of the American Library Association can store and retrieve citations for over 500,000 journal articles on one videodisc unit, with on-line access from 1-4 access stations. The full system, including videodisc player, printer, and four microcomputers can be purchased on a five-year subscription/purchase plan for $80,000.

While some institutions can find funds within their own budgets for these large capital outlays, many cannot. The proposed new Title II-D would enable academic libraries to acquire technological equipment or to undertake other special efforts that encourage the use of technology for cooperative projects.

HEA Title VI--International Education Programs: A new section, "Periodicals Published Outside the United States" is being recommended for grants to established institutions of higher education or public or nonprofit private library institutions or consortia of such institutions for the following purposes:

(1) To acquire periodicals published outside the U.S. not commonly held by American academic libraries and of scholarly or research importance.

(2) To maintain current bibliographic information on periodicals thus acquired in machine-readable form and to enter such information into one or more of the widely available bibliographic data bases.

(3) To preserve such periodicals.

(4) To make such periodicals available to researchers and scholars.

Although this function has been permitted under existing law, the percent of total grants used for this purpose has declined from 21.2 percent in 1973-74 to 15.9 percent in 1981-82, while periodical prices have risen dramatically." Delayed acquisition of these materials is usually not possible due to small print runs. A special program would assure the modest amount of funds necessary to acquire many of the key publications printed outside this country. A reliable and consistent funding source is needed if libraries are to avoid serious omissions in the holdings of their most essential foreign periodical collections.

HEA Title X--Fund for the Improvement of Postsecondary Education: Guidelines for FIPSE were rewritten substantially last year and now specifically include libraries as a vehicle for improvement in postsecondary education. Innovative projects between different types of agencies are strongly encouraged. As library and information technology advances and our citizens are more and more dependent upon new information systems for access to information, libraries must find new ways to instruct large numbers of users in how to utilize these systems and networks effectively. My staff already is receiving requests for aid in selecting software packages which allow individuals with microcomputers to search national data bases from their offices or homes. The University of Vermont Reference Department last spring offered a short course in techniques of direct user online searching via microcomputers. Much more thought and effort needs to be given to instruction in the use of online information systems by students, faculty, and the adult population. I support the new guidelines for Title X and strongly urge its continuation.

In closing, I would like to thank Chairman Stafford and the Subcommittee members for this opportunity to comment on reauthorization of the Higher Education Act, both from the perspective of the American Library Association and, pertaining to Title II-C and Title X, from my personal perspective. I would also like to supply, for your information, and for the hearing record, a more detailed version of our recommendations, as submitted jointly by the American Library Association and the Association of Research Libraries. I urge you to extend the Higher Education Act, with the modifications discussed in this testimony.

RESOLUTION ON HIGHER EDUCATION ACT REAUTHORIZATION

WHEREAS, The Higher Education Act is due for reauthorization in the 99th Congress; and

WHEREAS, In "A Nation at Risk," libraries, including college and research libraries, are essential to the attainment of excellence in education and a learning society; and

WHEREAS, The American Library Association has had a long standing commitment to attaining excellence in education by supporting federal programs such as the Higher Education Act, particularly title II which funds programs for college and research libraries and for training and research; and

WHEREAS, The Higher Education Act has benefitted libraries substantially by supporting acquisitions, training, research and demonstration programs, preservation activity, resource sharing, strengthening unique collections, bibliographic control, and technological development; and

WHEREAS, College and research libraries continue to face increased pressures to serve all citizens and to provide more information resources in both traditional and new formats which cost far more than their budgets can afford; and

WHEREAS, In order to provide collections suitable to support the curriculum and research programs in higher education, many academic libraries should be targeted for supplemental federal funds on the basis of need criteria being developed and recommended by the library profession; and

WHEREAS, New technologies require continuous training for librarians, minority recruitment is crucial, and research and demonstration projects can have a significant impact on library productivity and resource sharing; and

WHEREAS, Unique resources must continue to be strengthened, preserved, and made available for national and international research; and

WHEREAS, Academic libraries must adapt new technologies in order to assure users access to textual and bibliographic databases and must cooperate to promote access to information through resource sharing, but are often unable to afford startup costs; and

WHEREAS, Other programs included in the Higher Education Act can benefit from and contribute to strong library programs and services; now, therefore, be it

RESOLVED, That Congress strengthen academic libraries which are integral to the information infrastructure of our nation's educational and research programs by extending and amending the Higher Education Act; and, be it

FURTHER RESOLVED, That Congress fund all Higher Education Act title II programs at the authorized levels so that libraries can provide the materials and services needed to support an information society.

Adopted by the Council of the
American Library Association
Washington, D.C.
January 9, 1985
(Council Document #28.2)

HIGHER EDUCATION ACT:

Recommendations for Modification and Addition

Submitted Jointly by the

American Library Association

and the

Association of Research Libraries

Title II .... page 1

Title II-A .... page 3

Title II-B .... page 5

Title II-C .... page 6

Title II-D .... page 7

Title VI-A .... page 11

April 1985

Joint Recommendations by
ALA & ARL
Page 1

HEA TITLE II

Current Law	Suggested Amendment or Substitute	Rationale/Explanation
TITLE II—COLLEGE AND RESEARCH LIBRARY ASSISTANCE, AND LIBRARY TRAINING AND RESEARCH PURPOSE; AUTHORIZATION SEC. 201. (a) The Secretary shall carry out a program to assist— (1) institutions of higher education in the acquisition of library resources, including law library resources, and in the establishment and maintenance of networks for sharing library resources in accordance with part A; (2) in the training of persons in librarianship and to encourage research and development relating to the improvement of libraries (including the promotion of economical and efficient information delivery, cooperative efforts, and developmental projects) in accordance with part B; (3) the Nation's major research libraries, in maintaining and strengthening their collections, and in making their holdings available to other libraries whose users have need for research materials, in accordance with part C; and (4) the establishment of a National Periodical System Corporation, in accordance with part D.	Section 201(a)(4) is amended to read as follows: "(4) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part D.".	An entirely new purpose is recommended for part D which would focus the program on the application of new technologies in academic libraries.
(b)(1)(A) There are authorized to be appropriated to carry out part A $10,000,000 for the fiscal year 1981, $30,000,000 for the fiscal year 1982 and for each of the two succeeding fiscal years, and $35,000,000 for the fiscal year 1985. (B) There are authorized to be appropriated to carry out part B $10,000,000 for the fiscal year 1981, $30,000,000 for the fiscal year 1982 and for each of the two succeeding fiscal years, and $35,000,000 for the fiscal year 1985.	Section 201(b) is amended to read as follows: "(b)(1) There are authorized to be appropriated to carry out part A $12,500,000 for the fiscal year 1987, $13,750,000 for the fiscal year 1988, $15,125,000 for the fiscal year 1989, $16,637,500 for the fiscal year 1990, and $18,301,250 for the fiscal year 1991. "(2) There are authorized to be appropriated to carry out part B $5,000,000 for the fiscal year 1987, $5,500,000 for the fiscal year 1988, $6,050,000 for the fiscal year 1989, $6,655,000 for the fiscal year 1990, and $7,320,500 for the fiscal year 1991.	Title II authorization levels for parts A, B, C, and D follow recommendations of Chairman Ford and Rep. Coleman in HR 5210 introduced in 1984. These levels reflect need tempered by realistic expectations.

Joint Recommendations by
ALA & ARL
Page 2

HEA TITLE II

Current Law

(C) There are authorized to be appropriated to carry out part C $10,000,000 for the fiscal year 1981, $15,000,000 for the fiscal year 1982 and each of the three succeeding fiscal years.

(2) Notwithstanding paragraph (1), no funds are authorized to be appropriated for part D unless the appropriation for each of parts A, B, and C equals or exceeds the amount appropriated for each such part, respectively, for fiscal year 1979.

(c) No grant may be made under this title for books, periodicals, documents, or other related materials to be used for sectarian instruction or religious worship, or primarily in connection with any part of the program of a school or department of divinity.

(20 U.S.C. 1021) Enacted Nov. 8, 1965, P.L. 89-329, sec. 201, 79 Stat. 1224; amended Oct. 16, 1968, P.L. 90-575, sec. 211, 82 Stat. 1038; amended June 23, 1972, P.L. 92-318, sec. 111(b)(1), 86 Stat. 235; amended October 12, 1976, P.L. 94-482, sec. 106, 90 Stat. 2090; amended October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1384.

NOTIFICATION OF STATE AGENCY

Sec. 202. Each institution of higher education which receives a grant under this title shall annually inform the State agency designated pursuant to section 1205 of its activities under this title.

(20 U.S.C. 1022) Enacted Nov. 8, 1965, P.L. 89-329, sec. 202, 79 Stat. 1224; amended Nov. 3, 1966, P.L. 89-752, sec. 9, 80 Stat. 1243; amended Oct. 16, 1968, P.L. 90-575, sec. 214, 82 Stat. 1037; amended June 23, 1972, P.L. 92-318, sec. 111(b)(2)(A), 86 Stat. 236, amended and redesignated June 23, 1972, P.L. 92-318, sec. 112, 86 Stat. 240; amended October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1384.

Suggested Amendment or Substitute

"(3) There are authorized to be appropriated to carry out part C $12,500,000 for the fiscal year 1987, $13,750,000 for the fiscal year 1988, $15,125,000 for the fiscal year 1989, $16,637,500 for the fiscal year 1990, and $18,301,250 for the fiscal year 1991.

"(4) There are authorized to be appropriated to carry out part D $5,000,000 for the fiscal year 1987, $5,500,000 for the fiscal year 1988, $6,050,000 for the fiscal year 1989, $6,655,000 for the fiscal year 1990, and $7,320,500 for the fiscal year 1991.".

Rationale/Explanation

Higher authorization levels are needed for part C in order to:

1. Enable the program to keep pace with inflation. Based on the Higher Education Price Index, funds appropriated by Congress in 1983 provide approximately 42% less than the same amount appropriated in 1979.

2. Begin to fulfill some of the unmet needs of research libraries. A 1983 survey of the members of the Association of Research Libraries identified projects that would require $45 million. These, plus other projects in research libraries not part of the survey, evidence a need greater than the current authorization could meet. In addition, since 1981, appropriation levels have been held well below the authorization level resulting in a buildup of valid but unfunded projects. One example of great need for research libraries is support for the conversion of card catalog records to machine readable information. Until funding is available to accelerate this process, full access to the rich collections in research libraries is restricted to those people able to travel to the collections.

The College Library Technology and Cooperation Grants program proposed for part D has a value of its own and there is no reason to tie its funding to other programs in Title II. We recommend modest but significant authorization levels for the program proposed for part D.

HEA TITLE II-A

Joint Recommendations by
ALA & ARL

Page 3

Current Law

PART A—COLLEGE LIBRARY RESOURCES

RESOURCE DEVELOPMENT GRANTS

SEC. 211. (a) From the amount appropriated for this part, the Secretary shall make grants to institutions of higher education or combinations thereof (and to each branch of an institution which is located in a community different from that in which its parent institution is located), and to other public and private nonprofit library institutions whose primary function is to provide library and information services to institutions of higher education on a formal, cooperative basis. The amount of a resource development grant under this section shall not exceed $10,000.

(b) A grant under this part may be made only if the application provides—

(1) information about the institution and its library resources as prescribed by the Secretary in regulations;

(2) satisfactory assurance that the applicant will expend, for all library material expenditures (exclusive of construction) during the fiscal year for which the grant is sought, from funds other than funds received under this part, an amount not less than the average annual aggregate amount or the average amount per full-time equivalent student it expended for such purposes during the two fiscal years preceding the fiscal year for which assistance is sought under this part;

(3) for such fiscal control and fund accounting procedures as are necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

(4) for making such reports as the Secretary may require and for keeping such records and for affording such access thereto as the Secretary deems necessary to assure the correctness and verification of such reports.

(c) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent the applicant from making the assurance required by subsection (b)(2), the requirement for such assurance may be waived. For purposes of this subsection, the term "very unusual circumstances" means theft, vandalism, fire, flood, earthquake, or other occurrence which may temporarily reduce the level of expenditures for library materials and total library purposes, or which resulted in unusually high expenditures for library materials and total library purposes.

(d) Grants under this part may be used only for books, periodicals, documents, magnetic tapes, phonographic records, audiovisual materials, and other related library materials (including necessary binding) and for the establishment and maintenance networks for sharing library resources with other institutions of higher education.

(20 U.S.C. [illegible]) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1384.

Suggested Amendment or Substitute

Section 211 is amended to read as follows:

"Sec.211(a) From the amount appropriated for this part, the Secretary shall make grants to eligible institutions of higher education or combinations thereof (and to each branch of an institution which is located in a community different from that in which its parent institution is located). The amount of a grant under this part shall not be less than $2,000 nor more than $10,000 and shall reflect the number of full-time equivalent students enrolled at the recipient institution. If the funds are not sufficient to provide grants to all eligible institutions, grants shall be made to those institutions demonstrating the greatest need, based on the eligibility criteria in section 211 (c).

"(b) A grant under this part may be made only if the application provides-

"(1) information about the institution and its library resources as prescribed by the Secretary in regulations;

"(2) satisfactory assurance that the applicant has expended for all library materials (exclusive of construction) during the institutional fiscal year preceding the year of application for which the grant is sought (hereafter called the "base year"), from funds other than funds received under this part, an amount not less than the average annual aggregate amount or the average amount per full-time equivalent student it expended for such purposes during the two years preceding the base year;

"(3) for such fiscal control and fund accounting procedures as are necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part;

"(4) for making such reports as the Secretary may require, including a report on how such funds received under a grant were expended, and for keeping such records and for affording such access thereto as the Secretary deems necessary to assure the correctness and verification of such reports; and

"(5) a statement setting forth how the funds received under this part will be used to improve the quality of the institution's library services.

Rationale/Explanation

House and Senate committee reports as well as concerned members have recommended that II-A be targeted to the neediest libraries through a simple and workable formula, and the program is currently unfunded pending development of such criteria during the HEA reauthorization process. ALA's Association of College and Research Libraries developed the criteria being recommended by ALA and ARL.

Working from earlier proposals and suggestions from the library community, the ACRL Legislation Committee tried to establish a working definition of a "needy" academic library. It also tried to identify libraries considered "needy" in order to evaluate what criteria described them as such. All possible criteria were then evaluated through various statistical analyses of the 1982 NCES HEGIS tapes for academic libraries. Some indicators did appear to be both descriptive and relevant, and led to the following recommendations:

Funding should be available to those libraries which rank below the norm when scored for both "materials expenditures/FTE student" and "volumes held/FTE student." Libraries would be compared to like institutions according to the classifications designated by NCES/HEGIS, such as 2 year, 4 year, university, etc.

Maintenance of effort in relation to materials expenditures must be assured as designated in current law. A graduated amount between $2,000 and $10,000 would be awarded to needy libraries annually, based on an institution's FTE enrollment range. Insufficient appropriations would result in fewer grants, not smaller grants.

Definitions of materials expenditures (expenditures for collections), volumes, institutions, and enrollment would be based on those already in use by the National Center for Education Statistics for HEGIS reports.

Libraries would be expected to designate how they plan to use the funds on the grant application forms and to report on their use after the grant period in conjunction with their final financial reports.

HEA TITLE II-A

Current Law

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Suggested Amendment or Substitute

"(c) In order to be considered an eligible institution, an institution must provide the Secretary assurance that -

"(1)the expenditures of the institution per full-time equivalent student for library materials is less than the average of the expenditures for library materials per full-time equivalent student by other institutions of comparable size and program, as determined by the Secretary in accord with definitions established by the National Center for Education Statistics; and

"(2) the number of volumes per full-time equivalent student is less than the average of such number of volumes held by institutions of comparable size and program, as determined by the Secretary in accord with definitions established by the National Center for Education Statistics.

"(d) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent the applicant from making the assurance required by subsection (b)(2), the requirement for such assurance may be waived. For purposes of this subsection, the term "very unusual circumstances" means theft, vandalism, fire, flood, earthquake, or other occurrence which may temporarily reduce the level of expenditures for library materials, or which resulted in unusually high expenditures for library materials.

"(e) Grants under this part may be used only for books, periodicals, documents, magnetic tapes, phonographic records, audiovisual materials, and other related library materials (including necessary binding) and for the establishment and maintenance of networks for sharing library resources with other institutions of higher education.".

After section 211 insert the following new sections:

"STUDY BY THE GENERAL ACCOUNTING OFFICE

"Sec. 212. The Comptroller General shall conduct a study on the effectiveness of the program authorized by this part two years after the conclusion of the first fiscal year for which appropriations are made for such part, and shall submit to the Congress a report on the results of such study not later than three years after the conclusion of the first fiscal year for which appropriations are made for this part.

"DEFINITION

"Sec. 213. For purposes of this part the term "full-time equivalent students" means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time at such institution (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by twelve).".

Rationale/Explanation

An evaluation should be conducted after two years to determine the effectiveness of the program.

While the criteria suggested may not satisfy every possible definition of a needy library, they are relevant to the purpose of the program and constitute statistically valid tests of need.

The limited resources available to the neediest institutions do not allow them to keep up with the increased cost of materials and the increased volume of material published. Just last year, technical publishing output rose by 22 percent.

The Association of American Colleges February 1985 report, "Integrity in the College Curriculum," states that education "should give students experience with the tools of the disciplines....As they advance, students should work increasingly with the primary materials of their concentration—texts, documents, artifacts, substances, works of art—and not with edited collections and laboratory codes." These primary materials are accessible only through quality libraries.

The recommended change in section 211(b)(2) would allow applicants to provide assurance based on experience rather than estimates of expenditures, reducing the incidence of waiver requests "after-the-fact." This change would also allow an applicant to supply information based on the institutional fiscal year rather than the federal fiscal year.

Since maintenance of effort in section 211(b)(2) addresses only library materials expenditures, there is no need to include total library purposes in the waiver language of section 211(d).

HEA TITLE II- Part B

Current Law	Suggested Amendment or Substitute	Rationale/Explanation
PART B—LIBRARY TRAINING, RESEARCH, AND DEVELOPMENT GRANTS AUTHORIZED SEC. 221. From the amount appropriated for this part, the Secretary shall make grants in accordance with sections 222, 223, and 224. Of such amount, one-third shall be available for the purposes of each such section. (20 U.S.C. 1021) Enacted June 23, 1972, P.L. 92-318, sec. 111(b)(3)(A), 86 Stat. 239; amended October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1385.	**Section 221 is amended to read as follows:** **"From the amount appropriated for this part, the Secretary shall make grants in accordance with sections 222, Library Career Training, and 223, Research and Demonstrations. Of such amount, 66 2/3 per centum shall be available for the purposes of section 222 and 33 1/3 per centum shall be available for the purposes of section 223.".**	The change is required by the deletion of section 224.
LIBRARY CAREER TRAINING SEC. 222. (a) The Secretary shall make grants to, and contracts with, institutions of higher education and library organizations or agencies to assist them in training persons in librarianship. Such grants or contracts may be used by such institutions, library organizations, or agencies (1) to assist in covering the cost of courses of training or study (including short term or regular session institutes), (2) to establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows and others undergoing training and their dependents, not in excess of such maximum amounts as may be determined by the Secretary, and (3) to establish, develop, or expand programs of library and information science, including new techniques of information transfer and communication technology. (b) Not less than 50 per centum of the grants made under this section shall be for the purpose of establishing and maintaining fellowships or traineeships under subsection (a)(2). (20 U.S.C. 1022) Enacted Nov. 8, 1965, P.L. 89-329, sec. 222, 79 Stat. 1227, amended Oct. 16, 1968, P.L. 90-575, sec. 216, 82 Stat. 1037, amended June 23, 1972, P.L. 92-318, sec. 111(b)(2) (B) and (K); redesignated by P.L. 92-318, sec. 111(b)(3)(D), 86 Stat. 240, amended October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1386. RESEARCH AND DEMONSTRATIONS SEC. 223. The Secretary is authorized to make grants to, and contracts with, institutions of higher education and other public or private agencies, institutions, and organizations for research and demonstration projects related to the improvement of libraries, training in librarianship, and information technology, and for the dissemination of information derived from such projects. (20 U.S.C. 1033) Enacted Nov. 8, 1965, P.L. 89-329, sec. 224, 79 Stat. 1228, subsec. (c) repealed Apr. 13, 1970, P.L. 91-230, sec. 401(n) and superseded by pt. C of title IV of P.L. 90-247, as amended (20 U.S.C. 1233c.); redesignated June 23, 1972, P.L. 92-318, sec. 111(b)(3)(D), 86 Stat. 240; amended October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1386.		
SPECIAL PURPOSE GRANTS SEC. 224. (a) The Secretary is authorized to make special purpose grants to (1) institutions of higher education to meet special national or regional needs in the library or information sciences, (2) combinations of institutions of higher education which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment, (3) other public and private nonprofit library institutions which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services, and (4) institutions of higher education which demonstrate a need for special assistance to develop or expand programs or projects that will service the communities in which the institutions are located.	**Strike out section 224.**	A revised and technologically-oriented version of section 224 special purpose grants is proposed as a new part D.

Joint Recommendations by
ALA & ARL
Page 6

HEA TITLE II - Part C

Current Law	Suggested Amendment or Substitute	Rationale/Explanation
PART C—STRENGTHENING RESEARCH LIBRARY RESOURCES ELIGIBILITY FOR ASSISTANCE SEC. 231. (a)(1) From the amount appropriated for this part, the Secretary shall make grants to institutions with major research libraries. (2) For the purposes of this part, the term "major research library" means a public or private nonprofit institution (including the library resources of an institution of higher education), an independent research library, or a State or other public library, having a library collection which is available to qualified users and which— (A) makes a significant contribution to higher education and research; (B) is broadly based and is recognized as having national or international significance for scholarly research; (C) is of a unique nature, and contains material not widely available; and (D) is in substantial demand by researchers and scholars not connected with that institution.		The program has contributed successfully to the advancement of scholarship by strengthening the collections of research libraries and facilitating the sharing of resources among those libraries and between them and other academic and public libraries.
(b) No institution receiving a grant under this part for any fiscal year may receive a grant under section 211 or 224 for that year. (20 U.S.C. 1041) Enacted Nov. 8, 1965, P.L. 89-329, sec. 231, 79 Stat. 1228; amended Oct. 16, 1968, P.L. 90-575, sec. 217, 218, 82 Stat. 1037-1038; amended June 23, 1972, P.L. 92-318, sec. 114, 86 Stat. 240; amended Oct. 12, 1976, P.L. 94-482, sec. 107, 90 Stat. 2090; amended October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1386.	Section 231(b) is amended by striking out "or 224".	This change is necessary to eliminate a reference to section 224 which has been recommended for deletion.
GEOGRAPHICAL DISTRIBUTION OF GRANTS SEC. 232. In making grants under this part, the Secretary shall endeavor to achieve broad and equitable geographical distribution throughout the Nation. (20 U.S.C. 1042) Enacted June 23, 1972, P.L. 92-318, sec. 115(a), 86 Stat. 241; amended Oct. 12, 1976, P.L. 94-482, sec. 107, 90 Stat. 2090; amended October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1386.		

HEA TITLE II - Part D

Current Law

PART D—NATIONAL PERIODICAL SYSTEM

PURPOSE

SEC. 241. It is the purpose of this part to assess the feasibility and advisability of, and, if feasible and advisable, prepare a design for a national periodical system to serve as a national periodical resource by contributing to the preservation of periodical materials and by providing access to a comprehensive collection of periodical literature to public and private libraries throughout the United States.

(20 U.S.C. 1047) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1386.

ESTABLISHMENT

SEC. 242. There is established a nonprofit corporation, to be known as the National Periodical System Corporation, which shall not be considered an agency or establishment of the United States Government. The Corporation shall be subject to the provisions of this part, and to the extent consistent with this Act, to the laws of the jurisdiction where incorporated.

(20 U.S.C. 1047a) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1387.

FUNCTIONS OF THE CORPORATION

SEC. 243. (a) The Corporation shall assess the feasibility and advisability of a national system and, if feasible and advisable, design such a system to provide reliable and timely document delivery from a comprehensive collection of periodical literature. A design may be implemented by the Corporation only in accordance with the provisions of section 248.

(b) Any design for a national periodical system shall include provisions for such system to—

(1) acquire current and past issues of periodicals, and to preserve and maintain a dedicated collection of such documents;

(2) provide information on periodicals to which the system can insure access, including those circulated from private sector sources, and cooperate in efforts to improve bibliographic and physical access to periodicals;

(3) make such periodicals available through libraries, by loan, photoreproduction or other means;

(4) cooperate with and participate in international borrowing and lending activities as may be appropriate for such purposes;

(5) ensure that copyright owners who do not wish to participate in such system are not required to participate;

(6) ensure that copyright fees are fixed by the copyright owners for any reproduction or dissemination of a document delivered through the system;

(7) complement and not duplicate activities in the private sector to provide access to periodical literature;

(8) ensure, to the maximum extent feasible, that such system not adversely affect the publication and distribution of current periodicals, particularly scholarly periodicals of small circulation; and

(9) ensure coordination with existing programs to distribute periodical literature, including programs of regional libraries and programs of interlibrary loan and library networks.

(c) Any design shall include provisions for the role, if any, of the Corporation in the governance, administration, and operation of the system.

(d) Any design shall be accompanied by an estimate of the cost for each fiscal year of carrying out the system proposed in the design.

(20 U.S.C. 1047b) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1387

Suggested Amendment or Substitute

Part D is amended to read as follows:

"PART D—COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS

"ESTABLISHMENT OF PROGRAM

"SEC. 241 (a) The Secretary is authorized to make grants for technological equipment and other special purposes to—

"(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, installation, maintenance, or replacement of technological equipment (including computer hardware and software) necessary to participate in networks for sharing of library resources;

"(2) combinations of higher education institutions which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment;

"(3) other public and private non-profit organizations which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services to institutions of higher education; and

"(4) institutions of higher education conducting research or demonstration projects to meet special national or regional needs in utilizing technology to enhance library or information sciences.

Rationale/Explanation

To remain effective, academic libraries must apply new information and telecommunications technologies to library operations to improve user access to the collections, increase sharing of resources among libraries, streamline the acquisition and organization of the materials, and respond to the use of such technologies in information products. Many academic libraries have not been able to allocate funds from their operating budgets sufficient to take full advantage of technological applications. Capitalization costs have posed a significant barrier. The proposed part D would enable academic libraries to acquire technological equipment or to undertake other special efforts that encourage the use of technology for cooperative projects.

The program is intended to encourage the development of exemplary uses of technological equipment in libraries. Services of academic libraries of all sizes would benefit from the research and demonstration projects and the application of the results of such projects made possible under this program.

The goal of a nationwide network of information resources in support of scholarship is strengthened with each library that is able to join and participate. The proposed part D strengthens and expands this information infrastructure.

The language of part D, College Library Technology and Cooperation Grants, follows that of HR 5210, introduced by Chairman Ford and Rep. Coleman in 1984.

HEA TITLE II - Part D

Current Law

BOARD OF DIRECTORS

Sec. 244. (a) The Corporation shall have a Board of Directors, consisting of fifteen members, including fourteen members appointed by the President, by and with the advice and consent of the Senate, and the Director of the Corporation.

(b) The members of the Board appointed by the President shall be equitably representative of the needs and interests of the Government, academic and research communities, libraries, publishers, the information community, authors, and the public. Except for the initial Board of Directors, the members shall be appointed after consultation with the Board.

(c) The members of the initial Board of Directors shall serve as incorporators and shall take whatever actions are necessary to establish the Corporation under the laws of the jurisdiction in which it is incorporated.

(d) The term of office for each member of the Board (other than the Director) shall be two years except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. Notwithstanding the preceding provisions of this paragraph, a member whose term has expired may serve until his successor has taken office.

(e)(1) The members of the Board shall not, by reason of membership, be deemed employees of the United States. Except as provided in paragraph (2), members shall, while engaged in activities of the Board, be entitled to receive compensation at the rate equal to the daily rate prescribed for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day and, while away from their homes or regular place of business, may be allowed travel expenses.

(2) Members of the Corporation who are full-time officers and employees of the United States shall receive no additional pay, allowances, or benefits by reason of their service on the Corporation.

(f) Eight members of the Board shall constitute a quorum.

(g) The Board shall elect annually one of its members to serve as the Chairman.

(h) The Board shall meet annually or at the call of the Chairman or a majority of its members.

(20 U.S.C. 1047c) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1397.

DIRECTOR AND STAFF OF CORPORATION

Sec. 245. (a) The Corporation shall have a Director, and such other officers as appointed by the Board for the terms and at rates of compensation fixed by the Board. The Director shall manage the operations of the Corporation, subject to such rules as may be prescribed by the Board.

(b) Subject to such rules as may be prescribed by the Board, the Director may appoint and fix the pay of personnel and may procure temporary and intermittent services.

(20 U.S.C. 1047d) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1398.

NONPROFIT NATURE OF CORPORATION

Sec. 246. (a) The Corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

(b) No part of the incomes or assets of the Corporation shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services.

(c) The National Periodical System Corporation shall be exempt from taxation now or hereafter imposed by the United States, or any territory or possession thereof, or by any State, county, municipality, or local taxing authority.

(20 U.S.C. 1047e) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1398.

Suggested Amendment or Substitute

"(b) From funds appropriated for this part, the Secretary shall make competitive awards to institutions or combinations of institutions in each of the categories described in clauses (1) through (4) of subsection (a). The minimum award shall be $15,000 and may be expended over a three-year period.

"(c) A grant under this section may be made only if the application (whether by an individual institution or a combination of institutions) is approved by the Secretary on the basis of criteria prescribed in regulations and provides satisfactory assurance that the applicant will expend during the three-year period for which the grant is sought (from funds other than funds received under this title), for the same purpose as such grant, an amount from such other sources equal to not less than one-third of such grant. .

"(d) This program shall be administered in the Department of Education by an expert in library technology.".

Rationale/Explanation

As in every area of national life that is involved with new technologies, the rate of change in technology development necessitates that the program be administered at the federal level by a person who is already an expert in state of the art library technology. This recommendation is made to insure that the program is carried out efficiently and effectively.

HEA TITLE II - Part D

Current Law	Suggested Amendment or Substitute	Rationale/Explanation

AUTHORITY OF CORPORATION

Sec. 247. (a) The Corporation is authorized to—

(1) obtain grants from and to make contracts with individuals and with private, State, and Federal agencies, organizations, and institutions;

(2) conduct its business, carry on its operations, and have offices and exercise the power granted by this section in any State without regard to any qualification or similar statute in any State;

(3) lease, purchase, or otherwise acquire, own, hold, improve, use or otherwise deal in and with any property (real, personal, or mixed), or any interest therein, wherever situated;

(4) sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets; and

(5) enter into contracts, execute instruments, incur liabilities, and do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(b) To carry out its functions and to engage in the activities described in subsection (a), the Corporation shall have the usual powers conferred upon a nonprofit corporation by the jurisdiction in which the Corporation is incorporated.

(c) The Corporation may use the United States mails in the same manner and under the same conditions as departments and agencies of the United States. The Administrator of General Services shall provide to the Corporation on a reimbursable basis such administrative support services as the Corporation may request.

(d) The Corporation is authorized to accept, hold, administer, and use gifts, bequests, and devises of property, both real and personal, for the purpose of aiding or facilitating the authority of the Corporation pursuant to section 243. For the purpose of Federal income, estate, and gift taxes, property accepted by the National Periodical System Corporation shall be a gift, bequest, or devise to the United States.

(e) The Corporation shall be subject to the provisions of section 552b of title 5, United States Code.

(20 U.S.C. 1047f) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1389

IMPLEMENTING THE DESIGN

Sec. 248. Any design established under this part shall be submitted to the Congress not later than December 31, 1981, and may not be implemented until the design is approved in whole or in part by enactment of a joint resolution of the Congress approving such design.

(20 U.S.C. 1047g) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1389

HEA TITLE II - Part D

Current Law	Suggested Amendment or Substitute	Rationale/Explanation

COPYRIGHT ACT

Sec. 249. Nothing in this part shall be considered to amend, affect, or redefine the provisions of title 17, United States Code, relating to copyrights.

(20 U.S.C. 1047h) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1389.

DEFINITIONS

Sec. 250. As used in this part—

(1) the term "access" means the ability to identify, locate, and obtain a specific item (generally a periodical article), and includes both bibliographic access (the ability to identify a specific item from its description) and physical access to materials (the ability to obtain the text of an item in an appropriate form, such as visual, audio, or printed formats);

(2) the term "Board" means the Board of Directors of the National Periodical System Corporation;

(3) the term "comprehensive collection" means a collection of periodical titles which will provide access to approximately 90 per centum of the requests received, except that such titles need not all be physically located in the same place;

(4) the term "copyright owner" means the owner of any one of the exclusive rights comprised in a copyright;

(5) the term "Corporation" means the National Periodical System Corporation established under this part;

(6) the term "dedicated collection" means a collection of periodicals maintained for the sole purpose of assuring the provision of permanent physical access;

(7) the term "document" means any portion or the entire issue of a periodical;

(8) the term "periodical" means a publication consisting of issues in a continuous series under the same title published at regular or irregular intervals, over an indefinite period, individual issues in the series being numbered consecutively or each issue being dated; and

(9) the term "private sector" means nongovernmental, nonprofit, and for-profit organizations.

(20 U.S.C. 1047i) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1389.

AUTHORIZATION OF APPROPRIATIONS

Sec. 251. (a) There are authorized to be appropriated, for the purpose of carrying out this part, $750,000 for each of fiscal years 1981 and 1982, and such sums as may be necessary for each of the fiscal years 1983, 1984, and 1985.

(b) In any fiscal year after the joint resolution described in section 248 is enacted, there are authorized to be appropriated such additional sums as may be necessary to implement an approved design for any such fiscal year ending prior to October 1, 1985.

(20 U.S.C. 1047j) Enacted October 3, 1980, P.L. 96-374, sec. 201, 94 Stat. 1390

HEA TITLE VI - Part A

Current Law

Suggested Amendment or Substitute

Rationale/Explanation

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

FINDINGS AND PURPOSES

SEC. 601. (a) The Congress finds that—

(1) knowledge of other countries is important in promoting mutual understanding and cooperation between nations;

(2) strong American educational resources are a necessary base for strengthening our relations with other countries;

(3) present and future generations of Americans should be given the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge pertaining to other countries, peoples, and cultures; and

(4) the economy of the United States and the long range security of the Nation are dependent upon acquiring such knowledge.

(b) It is the purpose of this part to assist in the development of resources and trained personnel for international study, international research, and foreign language study and to coordinate programs of the Federal Government in the areas of international study and research and foreign language study.

(20 U.S.C. 1121) Enacted Nov. 8, 1965, P.L. 89-329, sec. 601, 79 Stat. 1261, amended Nov. 3, 1966, P.L. 89-752, sec. 3(b), 80 Stat. 1241; amended Oct. 16, 1968, P.L. 90-575, secs. 241, 242, 82 Stat. 1041; amended June 23, 1972, P.L. 92-318, sec. 151(a), 86 Stat. 295; amended October 12, 1976, P.L. 94-482, sec. 156, 90 Stat. 2155, 2156; amended October 3, 1980, P.L. 96-374, sec. 601, 94 Stat. 1465.

GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS

SEC. 602. (a)(1) The Secretary is authorized to make grants to, and enter into contracts with, institutions of higher education, or combination of such institutions, for the purpose of establishing, strengthening, and operating graduate and undergraduate centers and programs which will be national resources for the teaching of any modern foreign language, for instruction in fields needed to provide a full understanding of the areas, regions, or countries in which such language is commonly used, or for research and training in international studies and the international aspects of professional and other fields of study.

(2) Any such grant or contract may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of faculty, staff, and student travel in foreign areas, regions, or countries, the cost of teaching and research materials, the cost of curriculum planning and development, the cost of bringing visiting scholars and faculty to the center to teach or to conduct research, and the cost of training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out the objectives of this section.

(3) The Secretary may make grants to centers described in paragraph (1) having important library collections for the maintenance of such collections.

(b) The Secretary is also authorized to pay stipends to individuals undergoing such advanced training in any center or program approved by the Secretary under this part, including allowances for dependents and for travel for research and study in the United States and abroad.

(c) No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

(20 U.S.C. 1122) Enacted Nov. 8, 1965, P.L. 89-329, sec. 602, 79 Stat. 1261, amended Nov. 15, 1977, P.L. 95-186, 91 Stat. 1372, amended October 3, 1980, P.L. 96-374, sec. 601, 94 Stat. 1465.

HEA TITLE VI - Part A

Current Law	Suggested Amendment or Substitute	Rationale/Explanation

INTERNATIONAL STUDIES CENTERS

Sec. 603. (a)(1) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating graduate and undergraduate centers which will be regional resources to increase access to research and training in international and foreign language studies and the international aspects of professional and other fields of study. Activities carried out in such centers may be concentrated either on specific geographical areas of the world or on particular fields or issues in world affairs which concern one or more countries, or on both. In addition to providing training to students enrolled in the institution of higher education in which the center is located, the centers serving as regional resources shall, in order to qualify for assistance under this section, offer programs to strengthen international studies and foreign languages in the two-year and four-year colleges and universities in the region served by each such center.

(2) The Secretary may also make grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines that such grants will make an especially significant contribution to attaining the objectives of this section.

(b) Grants under this section may be used to pay part or all of the cost of establishing, strengthening, equipping, and operating research and training centers, including the cost of teaching and research materials and resources, the cost of programs for bringing visiting scholars and faculty to the center, and the cost of training, improvement, and travel of the staff for the purposes of carrying out the provisions of this section. Such grants may also include funds for stipends (in such amounts as may be determined in accordance with regulations of the Secretary) to individuals undergoing training in such centers, including allowances for dependents and for travel for research and study in the United States and abroad.

(c) Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the purposes of this section.

(20 U.S.C. 1123) Enacted November 8, 1965, P.L. 89-329, sec. 603, 79 Stat. 1262; amended October 3, 1980, P.L. 96-374, sec. 601, 94 Stat. 1468.

UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS

Sec. 604. (a) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to assist them in planning, developing, and carrying out a comprehensive program to strengthen and improve undergraduate instruction in international studies and foreign languages. Grants made under this section may be for projects and activities which are an integral part of such a comprehensive program, such as—

(1) planning for the development and expansion of undergraduate programs in international studies;

(2) teaching, research, curriculum development, and other related activities;

(3) training of faculty members in foreign countries;

(4) expansion of foreign language courses;

(5) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

HEA TITLE VI - Part A

Current Law

(6) programs designed to integrate undergraduate education with terminal Masters Degree programs having an international emphasis; and

(7) the development of an international dimension in teacher training.

(b) The Secretary may also make grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to attaining the objective of this section.

(20 U.S.C. 1124) Enacted November 8, 1965, P.L. 89-329, sec. 604, 79 Stat. 1263, amended October 16, amended November 3, 1966, P.L. 89-752, sec. 14, 80 Stat. 1244, amended October 16, 1968, P.L. 90-575, sec. 242, 82 Stat. 1041, amended October 12, 1976, P.L. 94-482, sec. 157, 90 Stat. 2156, amended October 3, 1980, P.L. 96-374, sec. 601, 94 Stat. 1466.

RESEARCH; STUDIES; ANNUAL REPORT

Sec. 605. (a) The Secretary may, directly or through grants or contracts, conduct research and studies which contribute to the purposes of this part and part N of title III of the Elementary and Secondary Education Act of 1965. Such research and studies may include but are not limited to—

(1) studies and surveys to determine the need for increased or improved instruction in modern foreign languages and in other fields needed to provide a full understanding of the places in which such languages are commonly used;

(2) research on more effective methods of providing instruction and evaluating competency in such foreign languages and other fields; and

(3) the development of specialized materials for use in providing such instruction and evaluation or for use in training individuals to provide such instruction and evaluation.

(b) The Secretary shall prepare and publish an annual report which shall include an index and analysis of the books and research materials produced with assistance under this title.

(20 U.S.C. 1125) Enacted November 8, 1965, P.L. 89-329, sec. 605, 79 Stat. 1264, amended October 16, 1968, P.L. 90-575, sec. 242, 82 Stat. 1041, amended October 3, 1980, P.L. 96-374, sec. 601, 94 Stat. 1467.

EQUITABLE DISTRIBUTION OF FUNDS

Sec. 606. (a) The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

(b) To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such manner as will achieve an equitable distribution of funds throughout the Nation.

(20 U.S.C. 1126) Enacted November 8, 1965, P.L. 89-329, sec. 606, 79 Stat. 1265, amended October 3, 1980, P.L. 96-374, sec. 601, 94 Stat. 1467.

AUTHORIZATION OF APPROPRIATIONS

Sec. 607. There are authorized to be appropriated $45,000,000 for fiscal year 1981, $50,000,000 for fiscal year 1982, $60,000,000 for fiscal year 1983, $70,000,000 for fiscal year 1984, and $80,000,000 for fiscal year 1985, to carry out the provisions of this part.

(20 U.S.C. 1127) Enacted November 8, 1965, P.L. 89-329, sec. 607, 79 Stat. 1265, amended October 3, 1980, P.L. 96-374, sec. 601, 94 Stat. 1467.

Suggested Amendment or Substitute

Part A of title VI is amended by
(A)redesignating sections 606 and 607 as sections 607 and 608 respectively; and
(B)by inserting after section 605 the following new section:

"Periodicals Published Outside the United States

"Sec. 606 (a) In addition to the amount authorized to be appropriated by section 608, there is authorized to be appropriated $1,000,000 for fiscal year 1987, $1,100,000 for fiscal year 1988, $1,200,000 for fiscal year 1989, $1,300,000 for fiscal year 1990, and $1,400,000 for fiscal year 1991 to provide assistance for the acquisition of and provision of access to periodicals published outside the United States.

"(b)From the amount appropriated under subsection (a) for any fiscal year, the Secretary shall make grants to established institutions of higher education or public or non-profit private library institutions or consortia of such institutions for the following purposes:

"(1) to acquire periodicals published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance;

"(2) to maintain current bibliographic information on periodicals thus acquired in machine-readable form and to enter such information into one or more of the widely available bibliographic data bases;

"(3) to preserve such periodicals; and

"(4) to make such periodicals available to researchers and scholars.

"The Secretary shall approve as a recipient of a grant under this section only an institution or consortium which has already an established library or consortium of libraries with collection strengths in either specific geographical areas of the world or particular fields or issues in world affairs which concern one or more countries, or both,and which demonstrates a commitment to share the resources of the collection.

"(c) Nothing in this section shall be considered to amend, affect, or define the provisions of title 17, United States Code, relating to copyright.".

Rationale/Explanation

The general purpose of the suggested amendment is to provide grants that would improve the availability of periodicals published outside the U.S., which are of scholarly or research importance. Such a program directly supports the purpose of title VI as stated in section 601: "to assist in the development of resources and trained personnel for international study, international research, and foreign language study and to coordinate programs of the Federal Government in the areas of international study and research and foreign language study."

While Title VI center applicants have been encouraged by the Department of Education to use some of their funding to strengthen their library's resources, the percent of the total grants used for this purpose has declined from 21.2% in 1973-74 to 15.9% in 1981-82 (the last year DOE prepared such calculations). This decline in title VI funds allocated to libraries parallels an increase in the cost of maintaining a library collection. The result is a serious threat to research in material published outside the U.S. where delayed acquisition may be impossible due to small print runs.

The proposed amendment addresses the category of material published outside the U.S. most vulnerable to curtailed and/or erratic availability of funds: periodicals. Significant improvement in the nation's collections of periodicals from foreign countries is dependent upon reasonable assurance that funding will be available to continue acquiring the titles once they have been selected. Otherwise, the original acquisitions may prove to be too fragmentary to be of significance.

In summary, a separate program for the acquisition and sharing of periodicals published outside the U.S. is necessary because:

1.The material is necessary for the accomplishment of the purpose of title VI.
2.The library share of awards from other sections of title VI has declined. While these funds have been helpful insofar as they have reached, they have proven impractical for making significant improvements in acquiring periodicals published outside the U.S.
3. While other sections of the Higher Education Act might be applied toward this purpose, the competition for funds is great and this section would assure that a modest annual appropriation is earmarked for periodicals published outside the U.S.
4.Reliable and consistent funding is necessary to avoid serious omissions in the holdings of this country's collections of periodicals published outside the U.S.

Senator STAFFORD. Thank you, Ms. Eaton. The material you allude to will be made a part of the record. As I said, all of your full statements will appear in the committee record as if read.

I have no questions at this point, but again I would like to reserve to members who cannot be here the right to submit questions in writing if that is agreeable.

Ms. EATON. Of course.

Senator STAFFORD. Senator Pell, you might have a question or an observation?

Senator PELL. Thank you very much, Mr. Chairman. I thank Dr. Summers for his thoughts about the White House Conference on Library and Information Services. We would like to hold it no later than 1989, and at this point we are still trying to drum up a little more support so that when the action is taken it will be favorable action. You can perhaps help that through your own network.

I was just curious if the National Historical Publications and Records Commission is of any help to any of the across-the-board libraries, or is their help mainly directed to local and state historical societies?

Mr. McDONALD. The University of Connecticut has had assistance from NHPRC for the cataloging of our substantial labor archive. And it has an application for the processing of ethnic records in the works.

Ms. EATON. The University of Vermont has received one NHPRC grant for the processing of local business records from Chittendon County. Our use of those grants has to do more with local records, as opposed to title II–C, which has more of a national implication.

Senator PELL. This is a question I should know the answer to, but I do not. That is in the total funding picture of libraries across the country, what is the degree of Federal support? What percentage of the total income is Federal money? Is it 1 percent, one-half of 1 percent? Do any of you have a feel for that?

Senator STAFFORD. If you care to, you might supply it for the record if you do not have it at hand.

Dr. SUMMERS. I would like to be permitted to correct it if I am wrong, Senator, but I think overall for all kinds of libraries, the picture is approximately 80 percent from local sources, approximate 10 to 12 percent from principally State sources, and the remaining 6 percent or so from Federal grants and private foundation grants. That is speaking very generally for libraries of all types.

Senator PELL. That would be a very rough estimate. Now, if the administration's proposal, which the chairman has been doing a wonderful job in opposing, if the administration's proposal worked out and there is no funding for libraries, that, in your view, would mean a reduction in total budgets across the country of about 8 percent because there would be no Federal dollars coming at all.

Dr. SUMMERS. Approximately that.

Senator PELL. You said 8 percent for private foundations and the Federal Government, did you not?

Dr. SUMMERS. Yes; I think that——

Senator PELL. Knock out the private foundations. How much is Federal?

Dr. SUMMERS. Approximately in the range of 5 to 6 percent.

Senator Pell. Talk a little louder, would you.

Dr. Summers. I might add also, Senator, that the elimination of the Federal portion is even more critical because it is a source of support for special programming that the institutions have identified that they are not able to meet from their own resources currently.

Senator Pell. I understand there is a representative of the American Library Association in the room. Can he or she give a more specific answer to this question?

Ms. Cook. Thank you. My name is Eileen Cook, director of the American Library Association Washington office. These figures that get bandied about from year to year do change, but, as Mr. McDonald said and Dr. Summers, generally if you look at all the library grant programs, the maximum has been 5 to 7 percent Federal funding and about 85 to 87 percent local funding, and remainder is State.

Now, when you consider the higher education program specifically, it is much, much lower. But, that little bit of Federal aid really has acted as a catalyst to stimulate State and local matching. There has been increased State and local matching, I might add, since we had the White House Conference in 1979. There are also private funds that can attract as matching dollars for Federal grants. An example is the Langston Hughes Cultural Center in Corona Long Island in New York City. Because of their ability to get an initial 100-percent grant from the Library Services and Construction Act several years ago, it helped them attract foundation funds and other local money.

And just a few years ago, I asked how much money they now had that it was totally LSCA. They said, oh, no, and they started to add together the figures. I said, well, "Now you do not need LSCA any longer. Right?" They said no, that Federal grant money still provides that catalytic action, and without it we would lose the other.

Senator Pell. The basic answer, then, is that not counting foundations, not counting local support, et cetera, in your view the Federal contribution is about 8 percent of the operating budgets of libraries across the country.

Ms. Cooke. I would say not even that much. Right now I think it is more like 5 percent.

Senator Pell. I just wanted to get this rough figure. Now, another question, and that is, as you know, many libraries led by the Library of Congress are now going onto computers and getting away from the old decimal card. And in fact, as I understand it, the Library of Congress is no longer printing cards for new books as they come out, which means that those libraries that do not move onto the new system are going to be very out of luck because they will not have cards to go with them. How are you handling this problem and what do you see as the solution?

Ms. Eaton. Title II–D is specifically oriented toward helping libraries join those kinds of networks and consortia so that they will not be left out. But you are correct; for those who are not able to keep pace with technological change, they are going to be more and more at a disadvantage.

Senator Pell. What will happen specifically to a small library? I am thinking of one you at Fort Ticonderoga, the military library there, or other small libraries which are used to using the cards. They cannot possibly afford to go on the computer.

Ms. EATON. Well, I can give you an example. In the State of Vermont, the State library is taking the leadership to help those small public libraries as part of the State network and are proposing microcomputer systems which would allow them to dial into those larger systems. It is a long project of about 10 years.

Senator PELL. What is the cost of moving onto a computer for a little library? Let us say a little, private library.

Ms. EATON. Well, if that design is successful, it could be as low as several thousand dollars for a microcomputer.

Senator PELL. And in your view as a professional librarian, do you approve of this idea of getting away from the old card files?

Ms. EATON. I do not believe we have any choice in order to manage the amount of information that exists now and to have the ability to share it nationally in a timely fashion. The card catalog is no longer an adequate tool.

Senator PELL. Would you all agree?

Mr. MCDONALD. Yes, I would agree, Senator. I should point out that the Library of Congress does share its cataloging data electronically now and sends its information to the online computer at the library center in Columbus, OH, which is the basis for bibliographic data for many of the libraries of the country.

It is this kind of networking, I think, that I was referring to earlier that makes the Title II–C Program viable. It is the shoring of bibliographic information, the knowledge that collections exist anywhere that now comes about as a consequence of this networking.

Librarians, I think, have a very good record of interinstitutional cooperation and resource sharing, and we are trying to build on that.

Dr. SUMMERS. Senator, I might add to your comment that one of the reasons that libraries are forced to use technology for the purpose of providing bibliographic access is that with a card catalog you can only provide it at one place; that is in the library. But with a computerized catalog, the access can be provided at any number of places.

I have recently finished a study in Charlotte, NC, and we asked users of that library system did they want access to the library's catalog from their home or their office, and also 40 percent of them said, yes, they did. They had the capacity at their home or office that if the catalog were in a computer stored format they could access it and obtain the information that they need. So there is a programmatic gain in terms of having a greater impact on the user.

Senator PELL. Would you agree with that?

Ms. COOK. Very definitely.

Senator PELL. I guess I am just concerned because I see in my own State some very small libraries and it is unlikely that they will dig up several thousand dollars to go on the computer. And it seems to me that the printing of the cards should be continued by the Library of Congress so that a small library could continue to use the card file.

Ms. EATON. I think if you look at some of the cost studies for what it costs to maintain manual card catalogs you would be surprised at how expensive that can be, and in fact using technology may save money long term.

Senator **Pell**. All right. Well, I appreciate the opportunity to ask these detailed questions. I am also on the Joint Committee on the Library, and I just thought they arbitrarily stopped printing those cards. But I guess from what you say, it is accepted by the library community as a whole.

Senator **Stafford**. Thank you, Senator Pell. I thank all of you for helping us this morning with respect to the issues we are addressing this fall and probably next winter.

And having said that, the next meeting of the committee will be at 3 this afternoon. And Senator Pell, who has had more experience at conducting hearings than I have had, will be the presiding officer, since I hope then at least to be handling Superfund on the floor of the Senate.

So the committee stands adjourned until 3 o'clock.

[Whereupon, at 10:45 a.m., the subcommittee was adjourned.]

REAUTHORIZATION OF THE HIGHER EDUCATION ACT, 1985

THURSDAY, SEPTEMBER 19, 1985

[AFTERNOON SESSION]

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 3:12 p.m., in room SD-430 Dirken Senate Office Building, Senator Claiborne Pell presiding.

Present: Senator Pell.

OPENING STATEMENT OF SENATOR PELL

Senator PELL. At the request of the chairman, Senator Stafford, who is handling the Superfund bill, I am opening this subcommittee on his behalf. I apologize for being late, but I am also ranking member of the Foreign Relations Committee and was involved with it.

This afternoon's hearing is particularly important because it concerns three areas of critical concern but which do not receive the kind of attention and assistance they deserve. First, if excellence is to be the hallmark of our society, then it is very important that we attract students of the highest calibre into graduate programs. The quality of scholarly research and scientific study or our teachers depends upon strong and vibrant graduate educations programs and upon the students who pursue graduate study.

Second, in the years ahead the strength of our position in the world economy will depend increasingly upon our ability to interact effectively with other people and other cultures. A lack of understanding of those cultures and our inability to speak their languages is appalling. Programs in foreign language and area studies are an essential bridge for international communication and understanding. The trial programs provide invaluable assistance to individuals from disadvantaged backgounds.

Third, while our financial aid programs may make a college education possible, but it is through the Trio programs that talented students are found, given the necessary help to apply for, attend, and complete a college education.

I, therefore, particularly look forward to the testimony that we will have this afternoon. Our first panel is Dr. Fred Burke, vice president for graduate education and research, University of Connecticut, Storrs, if he would come forward; Dr. Evelyn Handler, president of Brandeis University, Waltham, MA; and, Ms. Maureen Danaher, student, Catholic University of America. Would you take your seats.

Having Dr. Burke with us is having an old friend because I knew him when he was commissioner of education in Rhode Island. We miss him very much and welcome him here. We would ask him to lead off.

I would remind the witnesses of the subcommittee's custom that we ask each witness to restrain themselves to 5 minutes of oral testimony. The full text will be printed in the record. Dr. Burke.

STATEMENTS OF DR. FRED BURKE, VICE PRESIDENT FOR GRADUATE EDUCATION AND RESEARCH, UNIVERSITY OF CONNECTICUT, STORRS, CT; DR. EVELYN HANDLER, PRESIDENT, BRANDEIS UNIVERSITY, WALTHAM, MA; AND MAUREEN DANAHER, STUDENT, CATHOLIC UNIVERSITY OF AMERICA, MOUNT RAINIER, MD

Dr. **Burke**. Thank you, Senator Pell. I want to thank you for this opportunity to present my views concerning the reauthorization of the Higher Education Act. Our graduate schools, as you noted in your comments, have a unique and critical role to play. A college education generally is perceived as being critical to ensuring the maintenance of a literate, technically competent, socially responsible citizenry.

However, we look to those who have completed graduate education not only to sustain the existing quality of life, but to discover new and reinterpret old truths so as to ensure that the inevitability of change does indeed improve the quality of life.

The committee during its deliberations might usefully note some of the changing roles of graduate education in our country. Education beyond the baccalaureate hs traditionally served two very specific and distinctive purposes. First, it provided a continuous supply of academicians to maintain or if necessary to expand the Nation's cardre of university-based scholars necessary to the vitality of higher education, public service, and research; that is the mission of our universities.

Second, it also provided professional training and credentials in such fields as law, medicine, and social work. Increasingly, however, graduate schools, in response to the extraordinary explosion in knowledge, are being asked to provide advanced and very sophisticated instruction and research to and for such people as practicing engineers, scientists, administrators, and others.

Frequently corporations expect that such instruction and research which may or may not lead to more advanced degrees ought to occur on their premises or in their laboratories and at their convenience. I think it is impreative that we in graduate education develop improved methods of meeting this important growing need of this collaboration.

It is increasingly apparent that the traditional rite of passage of our students from academic life into industry is giving way instead to a continuing association wherein graduate students as a part of their education and research are involved in industry-related, off-campus research. Such individuals may subsequently be employed by the corporation and retain an association with their colleagues in academia by serving as chairmen of research facilities, coauthoring papers, participating in other related activities. Not surprisingly, they expect the university to stay in touch with them.

I think, Mr. Chairman, that incentives are required to facilitate this new and important and expanding role both for universities and for industry. We would like to see that such incentives be built into the reauthorization language. It is increasingly evident that certain major issues which will need resolution as we approach the turn of the century can only be successfully confronted by research; that is, the acquisition and the adaptation of new knowledge; Environmental health, national defense, exponential technology change, genetic engineering, the learning process, Third World poverty and violence, energy, the exploration of space and the oceans will depend upon a robust research capability.

Basic research in our Nation is peculiarly dependent upon the quantity and quality of university faculty and facilities. In many respects, graduate education and university-based research are synonomous concepts. Sponsored research by government or by corporations is a product of a symbiotic relationship of graduate students and senior faculty. Discovery and the dissemination of new knowledge is the very definition of this process.

Learning how to pose questions to validly test hypotheses is what graduate education is all about. The product, discovery and the recurrent supply of engineers, scientists, scholars, and teachers, is critical to the future of this Nation. Graduate education is a linchpin in this structure where it both ensures a constant supply of this rare people power and is the very key element in our university's critical research capability.

At a time when by every measure we ought to be enlarging and expanding our reservoir of scientists and other scholars, we are instead steadily draining this vital and creative pool. The situation is not very complicated. In the sciences and engineering, industrial demand attracts our best-trained young men and women away from graduate education, thereby jeopardizing the quantity and quality of each succeeding year's crop.

In the humanities and social sciences, declining undergraduate enrollments tend toward more vocationally oriented fields, contribute to a problematic job for young Ph.D.'s, which is compounded by eroding financial support, mounting debt. Together these serve to reduce interest in pursuing what increasingly appears to be a cost-ineffective graduate study.

Those who persist despite these conditions for either financial or job market reasons tend to prolong their graduate programs far beyond the norm or seek employment in fields that are only slightly related to their course of study. One would assume that at a time like this when we are going to be short of academicians in the nineties, that this would incline government to increase at this point in time incentives to attend graduate schools as a way to enhance the nation's supply of research and other scholarly resources.

However, the reverse condition is characteristic. Federal Government support of graduate education is actually in decline and thus intensifies this unfortunate downward cycle.

In conclusion, Mr. Chairman, I would urge that every effort be made in the reauthorization language to formulate national policy which conveys a sensitivity to the critical importance and need for a stability in graduate education to the Nation's destiny. Serious research programs are a composite of things and they grow over a continuum of time. Such a message from the Congress would not go unnoticed by relevant Federal agencies, corporations, and foundations.

Furthermore, it could in itself provide an added incentive for the most able of our youth to consider graduate school as a viable career option. I would simply reiterate my major observation that research, that is, the discovery and adaptation of new knowledge, is the single most important factor that will determine how successfully we as a Nation are able to provide for our defense, to ensure environmental health, to explore space and the oceans, and deal with Third World desolation, and to maintain industrial supremacy and competitiveness in a high technology world.

Obviously, universities are and will continue to be the major source of basic research. Basic research in American universities is not possible without a constant supply of intelligent, well-trained graduate students. Without a continuing adequate supply of graduate students, there will be a dearth of talent to fill the ranks of college and university faculties as we approach the 21st century, and we will no longer have the best people available to prepare those who become the leaders of business, industry, and government in the future.

[The prepared statement of Dr. Burke follows:]

Testimony for the Senate Subcommittee on Education, Arts and Humanities

Hearings on the Reauthorization of the Higher Education Act

Presented by
Fred G. Burke
Vice President for Graduate Education and Research
and
Dean of the Graduate School
The University of Connecticut

September 19, 1985

I want to thank you for this opportunity to present my views concerning the reauthorization of the Higher Education Act, specifically those portions dealing with graduate programs.

I have had the rare opportunity, over the past twenty-five years, to be involved in our nation's education, from pre-school to the Ph.D.: first, as a professor and dean, and then as a Commissioner of Education for eleven years in two states, and most recently as Vice President for Graduate Education and Research at the University of Connecticut. I would argue that the most critical phases of this educational continuum lie at its extremities, for each ascending step of the educational ladder is dependent on the rung below. Increasingly, we realize that the quality of early childhood experiences is critical to success in elementary school. This, in turn, determines whether or not and how well our young people complete high school, which, of course, dictates who will attend what college. The college experience determines the number and the quality of those relatively few individuals who proceed to our graduate schools to obtain advanced degrees, enabling them to prepare the succeeding generation of teachers, scholars and scientists.

As our world becomes more complex, more competitive, and more dangerous, we need to know and comprehend more and more if we are to prosper and indeed survive. Research currently conducted by graduate students and faculty in a number of our major universities, in such fields as artificial intelligence, cognition, nutrition, neurology, pharmacology, for example, will have a significant impact upon the learning potential of succeeding generations. In essence, I contend that education is a seamless web.

Our graduate schools have a unique and critical role to play. A "college education" is perceived as being critical to ensuring the maintenance of a literate, technically competent, socially responsible society. However, we look to those who have completed graduate education not only to sustain the existing quality of life, but to discover new and reinterpret old truths so as to ensure that the inevitability of change improves the quality of life.

The committee, during its deliberations, might usefully note the changing role of graduate education in America.

Education beyond the baccalaureate has traditionally served two specific and distinct purposes. First, it provided a continuous supply of academicians to maintain or expand the nation's cadre of university-based scholars requisite to the vitality of higher education, public service and research missions of the institutions. Secondly, it provided professional training and credentials in such fields as law, medicine and social work.

Increasingly, however, graduate schools, in response to the exponential knowledge explosion, are being asked to provide advanced and sophisticated instruction and research to and for practicing engineers, scientists, administrators, and others. Frequently, corporations expect that such instruction and research, which may or may not lead to more advanced degrees, occur on their premises, in their laboratories, and at their convenience.

It is imperative that we in graduate education develop improved methods of meeting this important and growing need. It is increasingly apparent that the traditional rite of passage of our students from academics into industry is giving way to a continuing association wherein graduate students, as a part of their education and research, are involved in industry-related off-campus research. Such individuals may subsequently be employed by the corporation and retain an association with their colleagues in academia by serving as chairmen of research facilities, co-authoring papers and participating in other related activities. Not surprisingly, they anticipate continued access to educational services which will enable them to keep up with a rapidly changing technology.

Incentives are required to facilitate this new, important and expanding role, both for the universities and for industry. We would like to see that such incentives be built into the reauthorization language.

Further, our graduate schools, on one hand, are called upon to meet new and changing needs of society. On the other hand, we also find that we are encountering problems which are no longer trivial. In fact, a growing crisis in graduate education has been repeatedly documented, summarized and editorialized. Little can be added to the excellent analysis contained in both signs of trouble and erosion: "A Report on Graduate Education in America," submitted by the National Commission on Student Financial Assistance.

It is increasingly evident that certain major issues which will need resolution, as we approach the turn of the century, can only be successfully confronted by "research," that is, the acquisition and adaptation of new knowledge. Environmental health, national defense, exponential technological change, genetic engineering, the learning process, third world poverty and violence, energy, the exploration of space and the oceans depend upon a robust research capability. Basic research in our nation is peculiarly dependent upon the quantity and quality of university-faculty and facilities. In many respects, graduate education and university-based research are synonymous concepts. Sponsored research by government or by corporations is the product of a symbiotic relationship of graduate students and senior faculty. Discovery and dissemination of new knowledge is the very definition of this process. Learning how to pose questions, to validly test hypotheses, and to share results is what graduate education is all about. The product -- discovery and a recurrent supply of engineers, scientists, scholars and teachers -- is critical to the future of this nation. Graduate education is the linchpin in this structure, for it both ensures a constant supply of this rare people-power and is the key element in our universities' critical research capability.

The extent to which our country is dependent on a relatively few scientists and scholars is suggested by the fact that in 1979 this nation's universities awarded only about 150 Ph.D.'s to American students in Chemical Engineering. At a time when, by every measure, we should be enlarging and improving our reservoir of scientists and other scholars, we are instead steadily draining this vital and creative pool. The situation is not complicated; in the sciences and engineering, industrial demand attracts our best trained young men and women away from graduate education, thereby jeopardizing the quantity and quality of each succeeding season's crop.

In the humanities and social sciences, declining undergraduate enrollments tend towards more vocational-oriented fields and contribute to a problematic job market for young Ph.D.'s, which is compounded by eroding financial support. Together, these serve to reduce interest in pursuing what increasingly appears to be a cost-ineffective graduate study. Those who persist, despite these conditions, for either financial or job market reasons, tend to prolong their graduate programs far beyond the norm, or seek employment in fields only slightly related to their study.

Also, our current preoccupation with science and technology inclines us to overlook the consequences of a diminishing supply of scholars and teachers in the arts and humanities. The very science and technology which is exponentially shaping our lives, and much of which derives from our universities, raises profound social, aesthetic, ethical and political questions. In addition, the major issues besetting our nation persist and must be resolved within an international context, whereas our capacity to do so is dependent upon a radically declining reservoir of appropriate scholarship. At the University of Connecticut, for example, we do not now provide regular instruction in Chinese, Japanese, or Arabic.

The interaction of demographic and economic variables serves to depress the vital supply of academicians. For instance, we fear that as more gifted young scholars seek careers outside the academic profession, we will face a precarious void when a large number of today's late middle-aged faculty retire in the 1990's. Logically, one might assume that this realization would incline government to increase, at this point in time, incentives to attend graduate schools so as to enhance this nation's supply of research and other scholar resources. However, the reverse condition is characteristic. Federal government support of graduate education is actually in decline and thus intensifies this unfortunate downward cycle. At the University of Connecticut, we are observing certain subtle but alarming changes in enrollment patterns. Namely, even though our total graduate student enrollment remains stable, constituting approximately 26% of our total enrollment, we note a decrease in first-time enrollees, from 1288 in 1982 to 895 in 1984, and a surprising decrease in the number of full-time male graduate students. In 1983, we had 2762 full-time male graduate students and 2898 females; in 1984, we had 2577 males and 2829 females.

Doctoral students at the University of Connecticut average 6 1/2 years to complete their programs, a period which approximates the national average. These students are frequently in their late 20's or early 30's and often have family responsibilities. Even though the University expended over $4,250,000 in 84-85 for stipends, with $2,700,000 of this amount going for teaching stipends, the maximum amount available to a full-time assistant in the highest pay category for "living expenses" is approximately $7,500. The teaching assistantships demand that much of the student's time is, in fact, devoted to teaching of undergraduates. This low-pay, low-status situation leads to most undesirable consequences, including the following: the most able and talented eschew this path completely; the need to take outside jobs leads to unrealistically long programs finally demoralizing the student; males without personal wealth drop out of the candidate pool. Further, our Clinical Psychology Program, which is ranked among the top ten in the country, last year admitted eight females and only two males. This ratio was predicated by the candidate pool. Our Physics Department, which tenaciously attempts not to lower standards in order to attract graduate students, finds that frequently qualified American students can no longer "afford" graduate study. This department indicated that for the last five years the proportion of American student applications to foreign student applications has been about fifty-fifty. In 1983, the department accepted eight American and four foreign students. It is interesting to note that only one of the eight American students is continuing on to pursue the Ph.D. degree. Of the four foreign students, three are doing so.

Finally, for those graduate students who depend on the stability of their professors' research grants for their programs, declining and unpredictable federal basic research support poses a constant threat of program discontinuity. Just last week, we at the University of Connecticut were informed by a federal agency that it must discontinue a major grant, and six graduate students are stranded. Generally, the penalties for graduate study appear so great, it may take a fool or a saint to persist.

Graduate education and research, above all aspects of American education, should be perceived as a federal responsibility. The basic research characterization of our major universities, in its very nature, is of national significance, while the M.A. and Ph.D. level graduates are obviously a national resource -- and a transient one at that. America is a nation of problem solvers. Currently, we face a crisis in graduate education. Let us not wait for it to reach major proportions.

Many states have sensed the interdependent relationship between university research, related graduate programs, and the attraction and retention of high-tech industry. In the sciences and engineering, state and/or institutional resources support about twice as many graduate students as do federal resources.

The current trend towards high-technology is really an investment in brain-power, in ideas, in the ability to analyze, and as such it is a vision of higher quality education, improved quality of life and enhanced industrial development.

In Connecticut, under the Governor's High-Tech Initiative, $3.5 million was authorized for higher education to allow us to explore ways to strengthen high-technology related programs, as well as to facilitate the flow of research results into the economy. With the support of state government, The University of Connecticut has just launched its Technology Park, which of course is closely linked to the University's capability as a research institution.

Further, the legislature provided for an increase of $125,000 in predoctoral funds at The University of Connecticut. This action is indicative of the increasing recognition by state government of the importance of graduate education and research to the state's economic well-being.

Federal government support for fellowships and traineeships for 1969 to 1981 declined nearly five-fold -- from $60,000 to $13,000. Given other obstacles to pursuing graduate work, it is not surprising, therefore, that in a seven year period, ending in 1981, applications to graduate arts and sciences institutions declined by 23%. From 1982 to 1983, the number of students receiving their primary support from the federal government remained stable at the lowest level since 1976. At The University of Connecticut, out of 1825 graduate students in the sciences this academic year, only 275 are supported by some type of federal grant.

I strongly feel that the Graduate and Professional Opportunities program and the National Graduate Fellows Program in Title IX be reauthorized, including the new programs in Title IV and IX advocated by the joint proposal of the AAU, the CGS, and the NASULGC. Further, in Title IV, I recommend that a guaranteed student loan program be reauthorized, with increased and flexible limits better reflecting graduate school costs and annual inflation. However, the thought might be given to discounting defaulted loans to private sector collection agencies that would have an economic incentive to pursue that collection. Also, if the limits on borrowing are to be raised, consideration might be given to requiring financial institutions to assume greater responsibility for securing repayment as the amount of the loan increases. This might mitigate a tendency to declare loans in default that with some effort might have been collected, thereby jeopardizing a graduate student's opportunity to seek other federal support. Work-study funds in support of graduate education, if more imaginatively construed, could make a major contribution at relatively little cost to resolving the problem of graduate student support. Consideration, for example, might be given to increasing the appropriation, redesigning the language to permit and encourage work-study as an integral part of the graduate student's education and research training in corporations possessing an appropriate relationship with the University. This approach could provide incentives to further this important and evolving relationship.

The proposals encompassed in Congressman Ford's HR 6379 suggest a simple but yet effective way to provide relief, while permitting the recipient institution's maximum flexibility.

In conclusion, Mr. Chairman, I would urge that every effort be made in the reauthorization language to formulate national policy which conveys a sensitivity to the critical importance and need for stability in graduate education to the nation's destiny. Serious research programs are a composite of many things and grow over a continuum of time. Such a message by the Congress would not go unnoticed by relevant federal agencies, corporations, and foundations. Furthermore, it could in itself provide added incentive for the most able of our youth to consider graduate school as a viable career option. I would simply reiterate my major observation that research -- the discovery and adaptation of new knowledge -- is the single most important factor that will determine how successfully we as a nation are able to provide for our defense, ensure environmental health, explore space and the oceans, deal with third world desolation, and maintain industrial supremacy and competitiveness in a high-technology world. Obviously, universities are and will continue to be the major source of basic research. Basic research in American universities is not possible without a constant supply of intelligent, well-trained graduate students. Without a continuing adequate supply of graduate students, there will be a dearth of talent to fill the ranks of college and university faculty as we approach the 21st century, and we will no longer have the best people available to prepare those who will become the leaders of business, industry and government.

Senator PELL. Thank you very much, Dr. Burke. Dr. Handler, we will be glad to hear from you now.

Dr. HANDLER. Mr. Chairman, it is a pleasure to be here. Before I begin, let me say how much I appreciate the opportunity to come before this committee. It is an opportunity to personally thank you, Mr. Chairman, for all you have done for higher education over the many years that you have been working so hard on these issues.

I would also like to thank the rest of the committee. Those of us who have labored in the field of higher education in different ways deeply appreciate the committee's efforts.

I subscribe to a great deal, in fact, all of what Dr. Burke has said. In the interest of time, let me concentrate on some other aspects of graduate education that are meaningful, I believe, to this Nation.

Without doubt, it is research that will make the difference to this country and will determine what the competitive edge of this country will be in the economic marketplace. To this end, we must ensure the vitality of our graduate programs. But I fear that I see something happening in the last number of years in our institutions of higher education with respect to attracting properly qualified graduate students into the humanities, the social sciences, the sciences, and into other areas, that I have seen in the public schools.

There was a period in this Nation's history not too distant when attracting young people to enter the field of public schoolteaching was very, difficult. We are now reaping, unfortunately, the sad harvest of those years where teacher shortages are beginning to rear their ugly heads. The qualifications of young people who do go into teaching seem to have been demonstrated to be far less adequate than those who go into other, more lucrative fields.

This also began to happen awhile ago in higher education where our success in attracting young people into graduate programs for the purpose of preparation for college and university teaching began to decline. And, as has been mentioned to you by others, the number of applicants to graduate schools in the humanities and social sciences is declining and we are in danger of facing lost generations of young scholars.

Not only do we lose what insight they would bring to certain programs, but what we are losing is the talent that would be fed into our colleges and universities as our current college-age population of faculty is greying. Our current faculties will be retiring in large numbers in the 1990's and in the beginning years of the turn of the century. These are people who were hired in the sixties and seventies.

We will lack the replacements for those faculties. Because of high cost, the attractiveness of other opportunities, and decreased prestige of being a teacher, many of our own talented young people are not going on to graduate programs. What we are seeing today, not only in the sciences but in other fields, is a vast influx of foreign students into our graduate programs.

This is a reverse brain drain. We are concerned about this because if young Americans are not taking these roles, then I think you can see for yourselves what the consequences will be. We are worried about this trend, extremely worried, and we know that reauthorization of the Higher Education Act in the form that you are considering it is important because it addresses at least one of the major problems of graduate education. That issue is the cost of going on to graduate school for students who are no longer dependent, as well as for students who are to some degree dependent on their parents.

We appeal to you for reauthorization of the five existing programs. I will not enumerate them. I would like to make one other very important point. It is important to me, but I think it is important to this country. You are aware, as we all are, that there is a changing demography in the United States. By the year 2000, 30 percent of Americans will be nonwhites. Yet the trend in graduate education is also clear. Despite the fact that 21 percent of our population currently is nonwhite and is minority, they receive only 11 percent of the doctorates. Despite the fact that 12 percent of our population is black, only 4 percent of the doctorates given in the United States are received by blacks.

An even more fearsome pronosticator is that only 3 percent of those doctorates that are received by blacks are in the physical sciences.

In my formal testimony I put forth a way in which this committee can acknowledge this very difficult trend, one that must be overcome by this Nation if we are truly going to be a people of one fabric. I appeal to you to give all people of this country an opportunity to partake of that which some of us, who have been more fortunate in the past, have had a chance to enjoy.

Thank you very much.

[The prepared statement of Dr. Handler and responses to questions submitted by Senator Hatch follow:]

Testimony by Dr. Evelyn E. Handler
President, Brandeis University

Senate Subcommittee on Education, Arts and Humanities
Reauthorization of the Higher Education Act of 1965

September 19, 1985

Mr. Chairman and members of the Subcommittee, my name is Evelyn Handler, and I am the President of Brandeis University. I welcome this opportunity to appear before you today to discuss graduate education. All of us in the higher education community are deeply appreciative of the leadership shown by this committee in the development of a meaningful and effective role in higher education. The diverse and flexible series of programs you have initiated have helped extend the opportunity for higher education to over 12 million students each year.

Mr. Chairman, I would like particularly to thank you for your steadfast efforts on behalf of higher education during the difficult negotiations between Congress and the Administration over the FY 1986 budget earlier this year. We in the academic community are grateful, and this nation is fortunate, to have leaders in Congress such as the members of this committee, who understand the critical importance of higher education to this country's future in the decades ahead.

In perhaps no other aspect of higher education is the link between education and critical national goals more sharply defined than in graduate education. The 40 years since the close of the Second World War have witnessed a sharp increase in graduate education and its importance to our country. The nearly 30-fold increase in the federal government's investment in education that has occurred since 1945 has transformed graduate education and had a profound impact upon the role of academic research. Advances in space, medicine, computer technology, have all been heavily dependent upon the federal investment in higher education.

It has become almost a cliche to say that we live in an age of high technology. But it is important for all of us to understand that we face important national challenges as we prepare to enter the 21st century. Our economy faces strong international competition as we move toward what has been called the post-industrial age. The role of science and technology will continue to increase, and it is imperative to both the strength of our economy and also our national security that we are in a position to lead, not follow. Whether we speak of general scientific literacy for America's college and university graduates or training at the cutting edge of research, the strength of higher education, and in particular of graduate education, will be the measure of our success.

We are also witnessing important demographic transformations in our society that will add to the responsibility that higher education has to make itself accessible to the broadest spectrum of talented Americans. By the turn of the century, approximately 30% of all Americans will be non-white. The success of our economy and the strength and cohesiveness of our social fabric will be tested by how well we integrate minorities into the most important levels of the mainstream of American life. Although minorities compose approximately 21% of this nation's population, they only receive slightly less than 11% of all doctoral degrees awarded. Blacks receive approximately 4% of all doctoral degrees, yet comprise more than 12% of our population. In addition, when one reviews the fields in which doctoral degrees have been awarded to blacks, it is found that the overwhelming majority are in education, psychology, and the social sciences. A bare 3% of all doctoral degrees awarded to blacks are in the physical sciences. Similar underrepresentation can also be found among Hispanics and Native Americans.

Our capacity as a nation to respond to the challenge of international competition and the needs of our own society will depend in important ways on the quality of our graduate education programs and the skills and talents of the individuals who experience that education. Despite the importance of graduate education to the nation, serious problems must be faced. The past decade has witnessed a significant decline in applications to schools of graduate arts and sciences, the percentage of students admitted each year to graduate programs is an increasingly larger portion of those who apply, and many of our very brightest college graduates are drawn directly to the workforce rather than to the graduate programs that attracted their counterparts in years past. In areas of specialization that are critical to the national interest, we are simply not producing adequate numbers of Ph.D recipients. At my own university, for example, in a trend that is mirrored across the nation, we are witnessing a steady and significant increase in the numbers of foreign nationals enrolled in doctoral degree programs in the sciences. In the humanities and social sciences we face a steady decrease in graduate applications as many of the most talented students elect other career paths. With the increasing "greying" of the faculties at colleges and universities across the country, we face in the years ahead the simultaneous pressures of a "reverse brain-drain" in the sciences and technologies and a "lost generation" of scholars in the humanities. We must plan now for a future that will be here far sooner than we may be able to fully adjust to its demands.

By the end of this century, rising undergraduate enrollments and a disproportionately high rate of faculty retirements are going to create the same sort of pressure for faculty that we witnessed in the years immediately after the launching of Sputnik in 1957. It is not at all clear to many of us within the higher education community that we have in place the policies needed to maintain the quality of America's higher education enterprise.

The cost of education at all levels in this country, be it public or private, is increasing rapidly. At both the undergraduate and graduate levels, our students are confronting an increasing dependence on loans to finance their education. In the decade between 1974 and 1984, the percentage of federal support for graduate and professional education provided in the form of loans increased from 26% to 73%. At Brandeis, as at numerous other universities across the country, it is not uncommon to encounter graduate students who upon receipt of the doctoral degree find themselves indebted for their graduate education alone to the extent of 15 to 20 thousand dollars or more. Many of these same graduates must in addition repay loans incurred for their undergraduate education in the range of 7500 to 10,000 dollars. There are some who will argue that this burden is not unreasonably placed upon students whose future earning power will reflect the benefits of their education. This response ignores, I believe, the dimensions of the problem and is short-sighted in its understanding of the role of higher education in our society.

One of the greatest strengths of American higher education -- a strength that has made us unique and envied around the world -- is our broadly based system of higher education, offering a range and diversity of choices to individuals. Any reduction in a student's options, based upon financial pressures alone, affects not only each individual's access to the education of his or her choice, but erodes a valued element in the foundation of American higher education. Higher education in America in this century has steadily expanded access to all kinds of higher education for all groups within our society. Any stratification of educational opportunity induced by an individual's ability to pay, runs directly counter to the values our society places on diversity, equal opportunity, and intellectual merit. At the undergraduate level, we have valued this diversity not as an educational extra, a frill we could dispense with and still retain the quality and character of American higher education, but as a vital and indispensable contribution to a lively and vigorous intellectual climate. If higher education means anything, it means constantly stretching ourselves by challenging our assumptions, by encountering and understanding different points of view. This is how we grow and how we comprehend complexity. It is how we expand our personal boundaries and the boundaries of our thought. At the graduate level, any drawing back from the commitment to access and opportunity based upon talent and intellect, as opposed to financial ability, would have crippling long-term effects.

Reauthorization of the Higher Education Act is an opportunity for the Congress to provide the Department of Education with programs that can assist in the important effort to sustain the quality and capacity of graduate education in this country. I would ask the committee to focus on four major objectives for graduate education.

First, five exisiting programs assisting graduate students should be reauthorized. These are College Work-Study, the Guaranteed Student Loan program, the National Direct Student Loan program in Title IV, the National Graduate Fellows program and the Graduate and Professional Opportunities program in Title IX. These programs provide a mix of grant, work, and loan funds that is responsive to the diversity of needs found in graduate education.

I do not believe that major changes are required in these programs. I urge, however, one adjustment, and I do so with some degree of hesitation. All of us concerned with graduate education are becoming increasingly uneasy about the implications of the indebtedness acquired by many of our graduate students. At the same time, however, we are aware that for many students the current annual and aggregate loan limits are insufficient to finance their education. I would recommend an increase in the loan limits for the GSL program, but I would accompany any increase with graduated and extended repayment options designed to make indebtedness more tractable. Higher education is a lifetime commitment for an individual, but the ten year maximum repayment period currently allowed suggests that we view it more as a short-term, depreciating investment.

Another important change is to increase the stipends provided under the GPOP program to make them comparable to other federally funded fellowship programs. Currently, the maximum GSL stipend is $4,500. By contrast, the stipend provided through the fellowship program of the National Science Foundation is $11,100. The perception that a GPOP fellowship is a "second-class" fellowship is indeed unfortunate, and some adjustment is entirely warranted.

The second major objective that I would ask this committee to address is the restoration of a more reasonable balance between loans and grants. I have appended to my testimony some data indicating the substantial shift from grants to loans that has occurred between 1974 and 1984. I am fully aware of the difficulties this committee faces in undertaking to address the documented needs not only in graduate education but all of higher education in a period of serious financial stringency. However, the need for new sources of grant support are so great and offer such an important return to the national interest that I hope at least some modest steps can be taken in this direction.

Such support should take the form of two complementary programs of competitively funded and need-based grants. The competitively funded program might be a program of departmental traineeships, in which grants are awarded to graduate departments based on a national competition judged by panels of nationally recognized academic scholars. Grant funds would be used by departments to support talented students for up to three years of graduate study. Even if authorized at a modest level, such a program would provide an effective mechanism for bringing together students of great promise with proven, productive departments and would both enhance the quality and strengthen the capacity of our graduate education enterprise.

A program of need-based institutional grants would provide a complementary, broad-based source of grant funds to assist students in meeting the rising costs of graduate education. If such a program were limited to the first two years of graduate education and provided funds as block grants to be apportioned to students by institutions, the overall costs of the program could be held down yet the funds could be targeted by institutions to those students with the greatest need.

A third objective to be achieved in reauthorization is an expansion of the commitment to increased participation by underrepresented minorities in graduate education. Although there are variations by race and field, the representation of blacks, Hispanics, and Native Americans drops significantly at each level of our educational system, with the most severe underrepresentation of these groups to be found among the faculties of our country's leading colleges and universities. For reasons of equity, simple justice, and national self-interest we cannot afford such a loss. Just as diversity of the student body at the undergraduate level is important to the quality of education provided, so too is diversity of the faculty an important consideration for our higher education system. If the last two decades of American history have taught us anything, they have demonstrated that we live in complicated communities, not isolated neighborhoods. Locally, nationally, internationally, economically, politically, socially, we live in a web of fragile interdependencies of each upon the other. Our times require leadership sensitive to those connections and a comprehension of the cultural context that links us all together. Diversity in higher education is a powerful catalyst in shaping minds that can confront complexity, that can communicate clearly and sympathetically, that can, in short, supply us with the informed, flexible, skillful, and compassionate leadership we need. Our diversity is not only an educational value; it is an important national resource.

Congress should authorize the Department of Education to administer an "early intervention" program to provide competitively awarded grants to institutions identifying talented minority undergraduates and providing them with early exposure to the research and scholarly activities they will encounter in graduate school. Such exposure is of special value in the sciences where adequate preparation for graduate school takes several years of careful planning and conscientious course selection on the part of prospective students. Our aim should be to increase the pool of minority students who possess a competitive preparation for graduate education. Given the disproportionate underrepresentation of some minorities in certain disciplines and the important function to be served by minority faculty members who can act as role models for talented students, such a program would be an important complement to the GPOP program in terms of expanded access to graduate education by underrepresented minorities.

Finally, I hope the members of this committee will address a revision in the procedures for assessing the financial need of graduate students. Many of us in the higher education community feel strongly that Congress should adopt the position recommended by the National Commission on Student Financial Assistance in its report on graduate education by establishing that, for the purpose of assessing financial need, graduate students are to be considered categorically independent of their parents upon enrollment in a graduate program. The obvious corollary to this revision of current policy would be that such students could not be declared as dependents on any other person's IRS return commencing with the year of the student's enrollment in graduate school. While it is customary and reasonable to assume that most undergraduates are supported by their parents, this assumption simply contradicts reality at the graduate level.

The time to act is now. The problems we face in graduate education are real, and the pressures created by these problems will become even more intense in the years ahead unless Congress makes the prudent investment to authorize the programs that reflect a commitment to graduate education in our country.

Brandeis University

Office of the President
The Irving Enclave
Waltham
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October 22, 1985

Senator Orrin Hatch
135 Senate Russell Office Building
Constitution Avenue
Washington, DC 20510

Dear Senator Hatch:

I am writing in response to the questions you directed to all witnesses appearing at the Higher Education Reauthorization hearings last month. I will offer a response to your questions in the order in which they were proposed.

1. What is the proper division of responsibility between student, parents or other family, the educational institution, the private sector, and the government in financing post-secondary education?

It has always been and should remain our philosophy that students, parents and other family members, to the extent they are able, have the primary responsibility for financing higher education. This philosophy is consistent with the notion that the student is the primary benefactor of his or her education. Fundamental, however, to all financial assistance programs is the concept that a student should not be denied an education simply because he or she is unable to pay. In this regard, the government, the private sector, and educational institutions themselves bear a responsibility for financial assistance programs. In my estimation, the government, both state and federal, should bear the majority of this shared responsibility as benefactors of a more highly educated and more productive citizenry. The private sector is becoming increasingly aware of its role and the benefits of increased support of higher education and should be encouraged in its support through tax benefits and similar incentives. The educational sector, specifically the private educational sector, has traditionally shared a large burden of responsibility for the cost of higher education and will undoubtedly continue to do so in the future. At Brandeis, for example, we spend approximately 6 million dollars each year in student financial aid. These are University funds separate and apart from federal or state monies.

2. What is the proper balance between loans, grants, and work in financial aid packages in order to assure a student's maximization of his education?

-continued-

It is difficult, if not impossible, to answer this question since the balance of loan to grants and work in each student's financial aid package differs significantly because of individual circumstances. One of the most important issues involving the use of loan funds is the question of repayment. Repayment programs need to become more flexible, including the reinstatement of loan consolidation programs, a lengthening of repayment periods, and variable repayment schedules allowing smaller payments upon graduation and increased payments as an individual gains stability in the work force.

The role and level of a work component in financial aid is best determined at the institutional level where factors of availability, pay rates, and the institutional calendar can be taken into account.

3. Should more resources for financial aid be channeled to institutions for disbursement through them to students? If so, why?

There is no question in my mind that funds are allocated more creatively, reach those students who are most needy, and are administered with the least cost when disbursement occurs at the institutional level. I believe that there is also a need to deemphasize the restrictive concepts of validation and instead emphasize the newer trends of quality control. I believe that in the coming "quality control studies" it will be found that there is a surprising level of accountability for funds at the institutional level generally.

4. Should a student's educational achievement levels be made a part of the criteria for financial aid? If so, how?

Aside from institutionally imposed standards of "satisfactory progress," a student's achievement level should not be a criteria in determining that student's level of eligibility for financial aid. To do so would contradict currently accepted standards of need analysis. Further, financial aid policies should not unduly induce competition for grades.

This, however, should not rule out the possibility of maximizing the grant component of a student's aid package in recognition of achievement levels, but without affecting the total amount of the package. Thus, for higher achieving students, the grant component might be increased somewhat while the loan and work component decreased. This principle should not, however, be carried too far as academic scholarships are best left to the private and educational sectors.

I hope that you find the above answers responsive to your questions. If you require any additional information, please do not hesitate to call upon me.

Sincerely,

Evelyn E Handler

Evelyn E. Handler
President

Senator PELL. Thank you very much. Ms. Danaher.

Ms. DANAHER. Mr. Chairperson, I am Maureen P. Danaher, graduate student at the Catholic University of America, and I am pleased to appear before you today to testify on the reauthorization of the Higher Education Act. I am a representative of numerous undergraduate and graduate students who depend on outside financial aid to supplement their own contributions in order to meet the cost of higher education.

I am beginning my seventh year as a student at the Catholic University of America here in the District of Columbia. I obtained my bachelor's degree in modern European history in 1982 after only 3 years as an undergraduate. I was graduate Phi Beta Kappa, Magna Cum Laude. I received my master's degree in American history 2 years later in the spring of 1984, and I am now working on my final year of course work toward a Ph.D. in American history.

To pursue my academic career to this point I have incurred substantial financial debt. I owe $13,000 in loans overall. I have borrowed $3,000 in national direct student loans and $10,000 in guaranteed student loans. I have received over $23,000 in other forms of financial aid. These include university grants, university scholarships and assistanceships, and a National Merit Finalist Award.

The remaining $18,000 needed just to cover the cost of tuition, fees, room and board came from my own savings which I had begun accumulating since high school when I first entered the work force.

Other expenses, such as transportation, books, and personal needs also had to be met. To finance my 7 years of education on an average I worked more than 20 hours a week when I was in school, and during vacations I worked more than 40 hours per week. My jobs included sales clerk, cafeteria cook, data entry clerk, babysitter, research assistant, teaching assistant, and social science technician.

Having participated in this variety of financial aid programs, I feel that I am qualified to speak about them from the viewpoint of the student. Loans work, but they are not the whole answer. The ceiling of $5,000 for graduate studies does not cover the cost of tuition for a non-State-supported institution. Even for a State supported college or university, the $5,000 limit cannot meet tuition, room, and board, not to mention expenses for books, student fees, health care and insurance, transportation, and daily personal needs.

But beyond not adequately meeting the financial needs of a graduate students, loans place a variety of burdens on the borrower. The repayment schedule causes future financial hardship. An average starting salary for a person with a master's degree in the liberal arts in a professional job is about $15,000 per year. But in order to begin to pay student loans totaling $13,000, approximately 10 to 15 percent of gross salary would have to be allocated to payment each month over the 10-year repayment schedule.

The second burden is a psychological one. Does the strain of financing an education outweigh the education itself? Given the current job market, especially for an historian, I wonder, can I ever really repay my student loan and support myself in a reasonable manner, let alone even entertain the idea of having a family.

Personally, I have come to the realization that further academic efforts on my part overshadow the burden of debt that I am incurring as I continue my studies in the field of American history.

College work-study programs and university administered assistanceships provide essentially, albeit minimal support for graduate students. These systems provide practical and pragmatic experience. However, they are restricted both in their scope and availability. Often these positions do not parallel the academic expertise of the student. Efforts made to rectify this situation have been inadequate and funding remains limited.

The finest program that provides financial assistance to graduate students falls beneath the Federal student hiring authority. In these accepted positions, students work for Federal agencies in temporary positions, receiving no benefits such as retirement or insurance. The student nonetheless acquires educational, professional, and monetary gains. Under this hiring authority a student must be enrolled at a college or university and must receive credit toward a degree for the employment; thereby, the position automatically falls within someone's field of study. This Federal program should be expanded in its scope and should be more widely used within the Government.

Educational grants for students of liberal arts and social sciences are scarce. Private corporations must be encouraged to establish scholarship and grant programs. Thus, through a combination of private, Federal, and personal money, graduate students would be better equipped to meet their financial responsibilities without an undue hardship on any particular sector.

The good of American is intricately woven with its educational system. Students sacrifice to obtain a graduate education, but we cannot do it alone. Support, both financial and moral, must spring from a joint effort of individual, community, and private and Federal sources. Only then will American continue to fulfill the dream, the aspiration of a well educated, productive society.

Senator PELL. Thank you very much indeed, Ms. Danaher. The present graduate fellowship, I believe, is around $4,500 or $5,000. Do you feel that that should be substantially increased, and if so, how much, Dr. Burke.

Dr. BURKE. I think that it ought to be increased, but also there ought to be language that would enable it to take into consideration changes in inflation. For example, the teaching assistanceships at our university in Connecticut are scaled to the contract with the American Association of University Professors' salary. And as a consequence, we find that our teaching assistanceships are probably higher than the rest of the universities in New England because there is a built-in escalator to reflect inflation and other factors.

Senator PELL. As you know, though, if you do that, you also are encouraging the general creep of inflation as well.

Dr. BURKE. For the fees.

Senator PELL. Yes. If you link it that way.

Dr. BURKE. There is no doubt, but I think it is a requisite to making it sufficiently attractive to people to choose graduate school as an option.

Senator PELL. Dr. Handler.

Dr. **Handler**. I believe they need to be increased. There are several things that need to be done. First, if you look at the last 10-year period, if you will notice that grants, outright grants versus loans are differently proportioned over the 10-year period. So there has been a real reversal. Where we used to give outright——

Senator **Pell**. Roughly 75–25 to 50–50.

Dr. **Handler**. That is right. And what we need to do is reestablish the balance with more grants and fewer loans. I subscribe to what Ms. Danaher said, and I think that the students that I speak to are overwhelmed by the burden. I have indicated in written testimony that by the time they get to graduate school they may have anywhere from $10,000 to $15,000 undergraduate loans that they must repay. Then regardless of whether they are on assistanceships or other types of assistance, they will accumulate maybe another $7,000 to $10,000 worth of indebtedness. There is an enormous strain on that. Some will say that, well, you are going into a high paid area, but the majority are not.

Senator **Pell**. What would be the total loan maximum that a graduate student might have hanging over his or her head, a Ph.D.

Dr. **Handler**. It may be as much as $10,000. It may be more.

Senator **Pell**. Well, I talked to a young student in medicine yesterday. He said the total load would be $125,000.

Dr. **Handler**. I excluded the professional schools such as medicine where you know exactly what those costs are. Generally in graduate study where there is a combination of ways that we support graduate students, it would not get into anything like that astronomical figure that you see in a medical or a dental school.

Senator **Pell**. Ms. Danaher, when you get your final Ph.D.—I envy you, being a history major myself—what will be your total debt, your reverse dowery, as it is called?

Ms. **Danaher**. Probably $13,000 because right now I am on full financial aid at Catholic University. I have half tuition remission and half teaching assistanceships. So I do not expect that I will have to borrow anymore. I am also employed in this Federal program that I talked about, a student appointment.

I have a GS–5 level with the National Park Service. So doing that I have been able to make my expense payments.

Senator **Pell**. Well done. I congratulate you very much. If you will excuse me, there is a vote going on on the Senate floor. I will have to recess the committee for about 15 minutes to give me the time get there, vote, and come back. Thank you to this panel. The next panel when I return will be Dr. Ralph H. Smuckler.

[Brief recess.]

Senator **Pell**. The subcommittee will come to order. Could Dr. Ralph Smuckler, dean of international programs, Michigan State University, East Lansing, MI, come forward, please. You are on a panel all by yourself. Go ahead. You have 5 minutes and then I will ask you some questions.

STATEMENT OF DR. RALPH H. SMUCKLER, DEAN OF INTERNATIONAL STUDIES AND PROGRAMS, MICHIGAN STATE UNIVERSITY, EAST LANSING, MI

Dr. SMUCKLER. I sincerely appreciate this opportunity to present views on the reauthorization of title VI. My first and most strongly held view on this title is that it has proven to be an essential keystone in meeting the Nation's need for specialized personnel covering many areas of the world which are of continuing and increasing importance to our Nation's political and economic welfare. Through support of the low enrollment and other language programs at our universities and through support of foreign language and area fellowships for advanced students, it has provided a steady stream of well trained persons, people who have special knowledge of Third World countries and who contribute greatly to our reservoir of talent and knowledge about Asia, Africa, the Middle East, as well as the Soviet Union and Eastern Europe.

Furthermore, title VI has created special National Resource Centers training manpower and adding to knowledge about important international problems. It has sustained outreach programs, which are conducted by area and international studies centers, and which extend knowledge about foreign areas and international issues to community groups, to schools, and to citizens generally.

So the first and major point I want to register is that title VI has been a vital force in meeting a national need, one which is growing in importance year by year.

Title VI has provided a blanket of national legitimacy to the effort of State universities, which themselves expend large amounts of funding in support of area studies and international studies centers. Furthermore, it has helped to sustain these centers and the competence they represent during times of great competition for State resources. Only with the support of title VI funds, and the legitimacy and national interest they reflect could we sustain very low enrollment language classes in a number of the African languages and other languages which are spoken by a few Americans but by many people in other parts of the world.

These are, in the case of the African languages, an important part of the work we do at Michigan State University in our African Studies Center. There are great pressures at our university, and at others, to eliminate teaching in these subjects and these languages, but title VI provides a persuasive argument, one of a number that we muster for retaining them.

Another point to register in this brief oral presentation is that title VI, a vital keystone in support of foreign languages and international studies, is working quite well. At this stage, fine tuning is needed rather than major changes. The recommendations of the American Council on Education Task Force, which following very careful study, has provided a number of suggestions for change, are worth your serious consideration. I would single out, in particular, the recommended creation of a small number—perhaps two—new resource centers to study and improve foreign language teaching and learning.

Among other things, such centers would contribute to the development of much needed tests for measuring language proficiency, a sorely missing component in our efforts to improve language programs in this country. If any major changes are in order, the most significant in my view would be a major increase, perhaps a tripling of the authorization level for title VI.

Given inflationary pressures, and what appears to be a constant funding ceiling of less than $30 million, it is time to face up to the national need in this area. As the leader of Western democracies, this nation is still sadly deficient in the numbers of trained persons to deal with our public policy, business, our cultural relations relating to areas covered by the title VI centers.

Our needs for specialists surely will continue to grow. Our needs for citizen education related to Third World cultures and issues, and our interests in general, are also not well met.

This is an increasingly competitive and complicated world we inhabit. We must have increased sophistication in relating to it for our own interests as well as that of our allies who share our values and who depend on us. Title VI is not perfect. It is not the entire answer, but it certainly is an essential part of the answer as things now stand.

I thank you.

[The prepared statement of Dr. Smuckler follows:]

REAUTHORIZATION OF TITLE VI OF THE HIGHER EDUCATION ACT OF 1965

Testimony of Dr. Ralph H. Smuckler, Michigan State University
September 19, 1985
U.S. Senate Subcommittee on Education, Arts and Humanities

Thank you for the opportunity to present my views on reauthorization of Title VI of the Higher Education Act. As a Professor of Political Science and Dean of International Studies and Programs at Michigan State University, I have been heavily involved over the past 30 years in many aspects of international education. Title VI has been critically important in several of them.

My responsibilities have involved all aspects of our university's international activity, including development assistance to Third World countries under the sponsorship of the Agency for International Development, private foundations, the World Bank and others; the development of special international training programs; recruitment and training for the Peace Corps; the expansion of programs to encourage undergraduates to study in foreign settings; management of international exchange relations with foreign institutions; the modification of curriculum so as to include a much stronger international and comparative perspective; and the building up and maintenance of strong area study programs and international resource centers. At Michigan State University, we tend to coordinate these various forms of international studies and programs. I have been intimately involved in that process over the years during which substantial growth in the international dimension at my university and most others has been easily observable.

Based on this experience, it is my firm view that Title VI of the Higher Education Act has been an irreplaceable pillar of strength at Michigan State as we have pushed ahead to expand international studies broadly and to educate individuals with specialized international and area studies knowledge and language skills. Title VI has also contributed well to the development of educational programs which reach citizens throughout the state. I know it to be critically important at other major universities as well as ours.

Title VI and the programs it has encouraged would not exist if it were not for the vision of members of the U.S. Congress. We in the university world are well aware of the extent to which members of the Senate and the House of Representatives have supported the Title VI program, modified it in recent years, and turned it toward issues within the evolving definition of U.S. national needs and interests.

As a result of Title VI, there is much greater attention to language learning in low enrollment languages; there is a generation of expertise which has been created on remote areas which would not otherwise have been studied; and there are genuine national resource centers on specific problem areas such as those which are concerned with food and nutrition problems and international development processes. It continues to be an essential element in our attempts to meet national needs for competencies in foreign languages, area, and international studies. During the past five years, it has started to make a contribution to national economic interests by encouraging and supporting cooperative programs between universities, on the one hand, and business and industry on the other, aimed at strengthening international business practices.

Title VI has provided funding, but it has provided also a dimension of federal government legitimacy justifying and encouraging university expenditures for international education which otherwise would have been driven out by competing demands at the state level. Elements supported directly by Title VI play a vital role in the nation's economic, political, and cultural interests. I want to emphasize that at public universities, state budgets alone cannot support these items at a level commensurate with our national needs. They require Federal support.

Title VI is basically in good shape. Its reauthorization at this time should encompass, in my view, only a few relatively modest changes. The main change should be in the level of re-authorization. Fine tuning is in order, rather than creation of a totally new instrument.

Perhaps I can illustrate the broad impact of Title VI through direct references to our experience at Michigan State University. At MSU, we have a total of three National Resource Centers, each of which has won its designation and funding in separate national competitions sponsored by the U.S. Department of Education. These include two area centers, the African Studies Center and Canadian Studies Center, and one international studies center, the Center for Advanced Study of International Development (CASID). In addition, we also receive fellowship funding for advanced graduate training of students in East Asian language and area studies.

AFRICAN STUDIES CENTER

Paralleling many large U.S. research universities, the MSU African Studies Center was founded in 1960 with a combination of funding from the university, private foundations (especially The Ford Foundation), and the then new federal Title VI program. It was a time when most African nations were achieving independence for the first time and this nation was seeking to build a long-neglected capacity in foreign language and area studies.

Year after year, the new Center sought the best of talent nationally in young products of the Title VI fellowship program with field research funded by the Fulbright-Hays and Social Science Research Council programs. Even though the funding was modest, the Center could offer a department a portion of a salary for a new faculty member for several years in exchange for that department recruiting an African specialist in the discipline. As a result, the Center has grown steadily over the years to become one of the largest faculties of African expertise in the nation—more than 60 core-faculty with teaching and research focus on Africa and an additional 35 technical consulting Africanists who have worked professionally or lived in Africa.

With this faculty and a combination of university and Title VI funds, we have also built one of the largest libraries of Africana in the nation, around which is erected the advanced research programs of our faculty and the advanced-degree training of new African specialists. Most of these are trained with support from the Title VI Foreign Language and Area Studies (FLAS) Fellowships, without which the students would have neither the time nor the incentive to undertake the arduous and long training needed to be both specialists in African language and area studies and in the fields of their disciplinary departments.

It also is with the Title VI funding that we have been able to develop and maintain an African Language Program which is modest but still one of the largest in the nation, offering instruction in 21 of the 750 languages on the continent—from Swahili (Kenya, Tanzania, and Uganda) to Hausa (Nigeria) and Amharic (Ethiopia) to Mandingo (Senegal and Mali). These offerings sometimes have miniscule enrollments, perhaps of one or two students in the smallest classes, but this language instruction is absolutely necessary to provide students and faculty with the proficiency needed for careful field research in Africa. Furthermore, the U.S. National Security Agency has made it clear that maintaining this instruction in the less-commonly taught languages, which due to the high costs is possible for Africa only at the Title VI Centers, is a national priority and important for the nation's long-term interests in Africa.

With this language program, the Center also is providing the only annual Summer Intensive Institute in Swahili in the the USA, where graduate students, military personnel, missionaries, and others may obtain the equivalent of a full year of study of Swahili language in eight weeks of the summer. In addition, the Institute is providing another national service by offering advanced training in Swahili Language Pedagogy for the national pool of Swahili instructors in colleges, universities, schools, and institutes. Finally, this program has been working for five years to develop a new level of national capability in the African languages by conducting a national survey of print and personnel resources in the African languages, convening conferences of language specialists to develop criteria of proficiency and new teaching methodologies, assessing the quality of extant teaching materials, and developing new dictionaries, grammars, and texts for languages where they have not existed before.

Backed by this multi-disciplinary Center of about 100 faculty, an Africana library of over 150,000 volumes with three full-time staff, and a huge commitment of university resources, the Center seeks to facilitate the research and teaching of the faculty through:

- Assisting students and faculty in developing research in Africa and in applying for national fellowships, scholarships, contracts, and research funding to work in Africa.

- Sponsoring conferences for national audiences on topics of key interest to Americans, such as the African drought, economic development, business opportunities in Africa, Southern Africa, foreign aid and African economies, and the Horn of Africa, etc.

- Developing linkage agreements with African universities to obtain research cooperation for American scholars in Africa.

- Assisting African universities in their own development.

- Organizing cooperation among American universities on projects such as intensive language training in Africa for students and scholars, assisting the federal government on policy issues, training African students in the USA, summer language training institutes, and in locating talent with African expertise.

- Providing funds from the Title VI grant for faculty travel to conferences, research seminars, and African research sites--a very important activity because foundation funding for such activities evaporated in the 1970s.

With this foundation, the faculty has developed a rich research program on a wide variety of topics. A small sample of that research includes:

-Mass Media in West Africa
-Rural Development in Zimbabwe
-Small Scale Industry, Private Enterprise, and Food Security in African Economic Development
-History of Senegal, Mali, and Western Sudan
-Pharmacology of Malaria and Schistosomiasis in the Sudan
-Macro-Economic Policy and Village Nutrition in Sierra Leone
-Problems of Urbanization and Migration in Zambia and Ghana
-Religious Movements and Social Change in Zambia and Zimbabwe
-Medical Geography and Health Care Delivery Systems in Ghana and Sierra Leone
-Archaeology of Kenya, Botswana, and Nigeria

As one of the ten Title VI National Resource Centers on Africa, the Center has the largest program of any Center in the nation to disseminate this knowledge to the various publics served--especially to teachers and school administrators, federal officials and legislators, the general public, American businesses, and the international scholarly community. A sampling of the "outreach program" activities for these various groups include:

-A new secondary school textbook on Africa and "How to Internationalize Your School."
-Publishing the definitive directory of "Africa on Film and Videotape."
-Providing almost daily background and reference information for reporters and writers on the staffs of U.S. newspapers and periodicals.
-Organizing conferences, briefings, and counsel for major and small business representatives contemplating investment and trade in Africa.
-Providing expert testimony to the Congress and to legislatures on a wide range of topics; e.g., African development, science and technology in Africa, forms of aid needed in Africa, U.S. interests in Africa.
-Hosting hundreds of African visitors for the U.S. State Department.
-Undertaking contracts for training African personnel, U.S. foreign service and AID officers developing African institutions, and providing relief and rehabilitation assistance which have been identified by the U.S. Government.
-Hosting national conferences, colloquia, and seminars (approximately four per year) on topics of interest to American and African scholars.
-Offering weekly speeches and briefings for churches, synagogues, fraternal clubs, community orgnizations and schools.
-Publishing a broad range of scholarly and applied monographs and journals such as Rural Africana, Northeast African Studies, and African Urban Studies.

This listing provides only a small sampling of the wide range of activities of the Michigan State Center, whose very existence in the University has been made possible by the continuing support, stimulus, and prestige of the Title VI Act. These federal funds, although only 10-15% of the total invested for these Africanist activities, have elicited generous support from the University and private foundations, thereby increasing the capacity of this Center to serve the national interests in a broad range of activities.

THE CENTER FOR ADVANCED STUDY OF INTERNATIONAL DEVELOPMENT

Since 1981, the MSU Center for Advanced Study of International Development (CASID) has been designated as a National Resource Center in International Studies and has been awarded Title VI funding both for center operation and fellowships. Like all Title VI Centers, CASID received support on the basis of a national competition. The successful proposal was built on the university's long experience in international development assistance projects, research, and seminars as well as the need to add more training and research to understand the development process.

The center engages in a variety of activities to strengthen both undergraduate and graduate instruction related to international development in Third World countries, to encourage multidisciplinary research, and to enhance the quality of scholarship relevant to global issues and development problems.

CASID does not grant admission or degrees. Rather, it serves as a focal point on campus for faculty and students in international development studies. Although organized within the College of Social Science, CASID's activities—research interest groups, seminars, conferences, publications, and outreach—transcend disciplinary boundaries and encourage exchanges among faculty in the social sciences, liberal arts, languages, and professional and applied arts and sciences. Through its 200 core and consulting faculty, based in individual units across campus, CASID maintains contacts with over 55 departments and schools in the various MSU colleges. Many of the core faculty have had experience in international development projects.

The Center awards grants to faculty to strengthen curriculum related to international development. In addition, CASID is involved in special projects focused on strengthening instruction and language proficiency testing, on creating more opportunities for students to participate in overseas study programs and internships in developing countries, and on working with the professional schools to develop joint master degree programs with curriculum drawn from the social sciences, liberal arts, languages, and professional areas.

CASID offers an array of information services which foster and contribute to communication across disciplines and between organizations and institutions. The center's "campus network" is served by distribution of a weekly bulletin, a monthly calendar of international activities at MSU, and quarterly and annual lists of the over 225 MSU courses which contribute to the study of international development. Similarly, the center's "outreach network" is served by distribution of a monthly calendar and newsletter highlighting international programs, courses, and activities both at MSU and at other higher education institutions in Michigan. To assist in development of linkages within and between these two networks, CASID maintains a computer database of the research interests and international experiences of its faculty, students, and outreach constituents.

The Center's outreach programs are designed to serve primarily the needs of faculty from two- and four-year colleges and universities in Michigan, as well as the needs of informed and interested community leaders. Each year CASID organizes in-service workshops in curriculum development for faculty at other Michigan colleges and universities. CASID serves community leaders in several ways: through CASID-staffed workshops, through lectures and conferences, and through materials and services provided to representatives of the news media, local agencies, and state-wide organizations. Outreach activity also includes administration of the extensive speakers program of the local chapter of the Society for International Development, coordination and support for the MSU observance of World Food Day, and promotion of Foreign Language Week.

The Center supports the professional development of faculty by offering travel grants for participation in relevant conferences and for overseas research. To provide opportunities for the exchange of ideas and research among faculty and students, it supports research interest groups focused on international development topics and issues, publishes an occasional papers series, and sponsors a variety of lectures, seminars, and conferences.

Title VI funding is used to increase the international statistical holdings of the MSU Library and the audio-visual holdings of the Instructional Media Center related to international development.

In the case of CASID, Title VI has helped to build a strong studies program, a significant new dimension, on a base of practical program activity in developing countries.

RECOMMENDED IMPROVEMENTS

Earlier, I referred to the need for what might be considered "fine tuning" of Title VI, rather than drastic changes. In one respect, a significant change should occur. The authorized funding level for Title VI should be greatly increased. The funding level in recent years has not been sufficient to meet the broad purposes of the Act. The level seems to have reached a ceiling under $30 million per year. Given very real inflationary pressures, these support levels have greatly diminished Title VI impact. One could justify a tripling of that amount if the broad purposes and important goals of Title VI are to be realized. Thus, the one significant change I would recommend in the reauthorization process is to provide a more realistic level of funding, more realistic both in terms of costs today and in terms of very real national needs.

The American Council on Education, working closely with the National Association of State Unversities and Land-Grant Colleges and the Association of American Universities, has created a study group, which after months of analysis and discussion, has proposed a number of changes in Title VI which I would put in the "fine tuning" category and worthy of support. Among the recommendations which the ACE Task Force has urged, I would single out the need for the creation of several major national resource centers for study of language teaching and the development of teaching materials. The number of such language resource centers should not be large, but there should be at least a few which are working on language teaching methods and strategies, relating closely to language teachers and their experiences, developing standard measurements for asssessing language proficiency, and moving such new strategies and proficiency tests into wide usage.

As I said at the outset, Title VI is a critically important part of the international education effort at our universities. Without it, our universities would be diminished in their international efforts. As a result, our nation's capability would also be reduced. More than ever, this country is involved in global issues and with people and nations which did not even exist as defined entities at the close of World War II. Our country is concerned now with over 150 nations, and with a world in which centers of power and influence are widespread, rather than centered in one or two countries alone. The need for the nation to be secure and economically competitive in this type of world is greater than ever.

The ability to be alert and to relate effectively to these other nations and people is closely tied to the types of educational and research effort supported by Title VI. The need is greater now than ever before, and it will continue to grow.

Title VI is not a perfect avenue for reflecting all existing needs in international education as we attempt to serve the nation's interest. At some future date, there may well be better forms and more efficient ways of assuring a supply of specialists and persons with knowledge of Asian and African and other low enrollment languages. As a nation, we must continue to search for more effective means as we preserve and enlarge the very creative and critically important base of program support which Title VI represents.

Senator PELL. Thank you very much. In terms of the support from the National Government for foreign language programs, do you have any idea where the United States ranks, compared with other nations?

Dr. SMUCKLER. I do not have that figure, but I know that the level of language training and education which takes place in this country is relatively low compared to that of most modern nations, certainly far behind the countries of Western Europe and far behind the language classes and learning that goes on in the Soviet Union and in the People's Republic of China. We are not investing much in language training.

Senator PELL. If you were asked to identify the single most pressing need in support for foreign language and area studies, what would it be?

Dr. SMUCKLER. I do not like to refer back again to the expansion of the general support base, but that would be the one item which I would single out. A second item I would single out is our need, on the language side of title VI, for the development of proficiency testing through a national effort so we can truly measure where we stand. This would apply to some of the low enrollment languages in particular.

I think a stable, higher level of funding support for the national resource centers, and for the foreign language and area fellowships would certainly be among the top priorities.

Senator PELL. Somewhere I recall reading that the number of Japanese who know English is somewhere around 10 times the number of Americans who know Japanese. Is that correct?

Dr. SMUCKLER. That certainly is correct. I am not an authority on this subject, but I have seen figures which indicate that there are more teachers of English in Japan than there are people who speak Japanese in this country.

Senator **Pell**. I read the same thing. When we worry about our balance of trade, it is not only that we have not taken the trouble to make cars with a driver's seat on the right, the way they drive in Japan, or the seats smaller so the Japanese shorter legs do not hang, but mostly the fact that we do not have salesmen who can speak the language.

Dr. **Smuckler**. It has a lot to do with the way in which we relate to those societies in general, and to sell products in those countries. It has both an economic and a political impact to be so deficient on the language side.

Senator **Pell**. I am very glad to say in my State we have a very active foreign language association. I hope that our State's example is followed in many other States.

Dr. **Smuckler**. Well, I am sorry to say that in Michigan we cannot particularly claim to be pushing ahead rapidly with languages. We are trying to correct that; we have some momentum going now, and I think that we may be able to correct this over the next year or two, particularly at the university level, and the requirement for entrance to the universities.

Senator **Pell**. Thank you very much, Dr. Smuckler for taking the time and trouble to be with us.

Now we will go on to panel No. 3, Ms. Barbara Ann Harmon-Schamberger, College of Arts and Sciences, West Virginia, Capt. Aaron Hayes, Fletcher School of Law and Diplomacy, Tufts, Ms. Robbie Lyle, director, Upward Bound/Special Services, Arkansas State University, and Mr. Barry Cosgrove, office of the general counsel, Kendall Corp.

At this time we will be very unchivalrous and work from right to left. We will start out with Mr. Cosgrove. You know the custom; 5 minutes and then the full statement will be put in the record.

STATEMENTS OF BARBARA ANN HARMON-SCHAMBERGER, COLLEGE OF ARTS AND SCIENCES, WEST VIRGINIA UNIVERSITY, MORGANTOWN, WV; AARON HAYES, FLETCHER SCHOOL OF LAW AND DIPLOMACY, TUFTS UNIVERSITY, MEDFORD, MA; ROBBIE LYLE, DIRECTOR, UPWARD BOUND/SPECIAL SERVICES, ARKANSAS STATE UNIVERSITY, ARKANSAS; AND, BARRY COSGROVE, OFFICE OF THE GENERAL COUNSEL, KENDALL CORP., BOSTON, MA

Mr. **Cosgrove**. Senator Pell, my name is Barry Cosgrove, and I am here today as a result of the success of the Trio Program component under the Higher Education Act of 1965. As a result, I am honored to be here to express my support for as well as my personal experience with the Trio subpart.

By way of review, Trio refers to five programs funded under the special services subpart of the Higher Education Act, all of which provide low-income, first generation, and physically handicapped students the supportive services they need: Specifically, counseling, basic skills instruction, tutoring, information about college admissions and financial aid to help them enroll in and graduate from college.

These programs provide low-income students a realistic opportunity to escape cycles of poverty and dependence and to achieve the upward mobility afforded by higher education. As of September of last year, 1984, there were approximately 1,275 Trio programs operating in over 800 higher education institutions and 80 community agencies serving more than 5,000 students.

Two-thirds of these students are from families whose incomes are less than 150 percent of the poverty level and where neither parent had graduated from college. Among these Trio students, 41 percent are black, 35 percent white, 17 percent Hispanic, 4 percent American Indian, and approximately 3 percent Asian.

Somewhere between 11,000 and 14,000 students in Trio programs are also physically handicapped.

The counseling, tutoring, and remedial coursework funded by special services has been effective in increasing retention of disadvantaged students in college. In fact a 1981 study commissioned by the Department of Education tracked the performance of approximately 5,800 freshman students enrolled in 58 representative special services projects in 1979 and 1980. The study compared their performance to the performance of another group of an equal size of students who were not participating in the program. The results were profound.

Low income and first generation students having the benefit of the special services programs were found to be more than twice as likely to stay in school as similar students who were not participating in the program. And, further, Trio program participants were shown to have had higher grade point averages as well as higher levels of actual retention.

I am the first member of my family to attend college, and I was originally introduced to the special services program under Trio in 1976 at Marquette University in Milwaukee, WI. My introduction, I suspect, was much like that which Trio is receiving in the White House. I learned of Trio as being basically a tutoring program, and I envisioned the program as being little other than that. However, I quickly learned that special services went far beyond tutoring.

In fact, because at the time I was threatened with having to leave Marquette because I was without sufficient financial resources, it was the financial assistance of the special services program along with its integrated program of specialized academic and personal counseling that enabled me to stay at Marquette, graduate with honors, move on to MIT, graduate with honors, and ultimately to graduate from law school with honors.

Moreover, it was the special services program at Marquette that helped me in my career in college in managing my responsibilities to my mother who was home in Boston alone raising four other children, basically working graveyard shift jobs.

As a result, I was working part time jobs at Marquette, sending money home, and working 30 or 40 hours a week, and it was getting very difficult for me to maintain my studies. These responsibilities at home often led me to be tempted to drop out of school, but I can tell you today that it was the special counseling and guidance of Marquette COP director, in particular Arnold Mitcham, who is here today, his assistant, Maureen Hoyler, and staff members George Lawry and Howard Fuller, that convinced me to stay in college, finish my education, and to do all this without abandoning family responsibilities.

That advice, I can tell you, has made a world of difference for me. The specialized graduate placement assistance Trio offers is still another component of assistance for which, thankfully, I was eligible. In my case, this assistance came from a gentleman by the name of Robert Lowe, a prolific writer who spent hours with me, and as a result helped me ultimately to be accepted to all eight of the graduate schools I applied to and also to secure a congressional internship for Congressman Joe Moakley in Boston in the summer of 1978.

Again utilizing the specialized study and preparation I gained through the special services program, I was later able to parlay this education to a position with the Colgate Palmolive Corp. at which time I simultaneously began law school at night in Boston.

Today, although not yet a member of the bar, I am special assistant to the general counsel of the Kendall Co., a Colgate sub, a billion dollar multinational organization, and this past June graduated from law school with honors and I am waiting, or I should say praying, for the results of the Massachusetts bar exam.

In short, by addressing the educational, social, and cultural impediments to academic success for low-income students and particularly for low-income minority students, Trio Program funds equip colleges and universities nationwide with resources necessary to establish holistic yet structured and interrelated support programs that address both cognitive and effective needs.

Accordingly, I urge this committee's support for the reauthorization of the Higher Education Act and most particularly the special services components of Trio with such funds as are necessary to continue its important mission and its enormous success. Thank you.

Senator PELL. Thank you very much indeed; and now Captain Hayes. I notice you say captain. Is that in the Army or the Navy?

Mr. HAYES. That is in the Army.

Senator PELL. In the Army. Thank you very much.

Mr. HAYES. Mr. Chairman, I am delighted to have this opportunity to appear before the committee and comment on the Trio Program. I believe that it would be appropriate to describe my experiences with Upward Bound and through it you can see the differences the program can make in the lives of the future participants.

As for my personal background, I am a native of Columbia, SC, where I attended public schools. I participated in Project Upward Bound at the University of South Carolina from June 1970 through June 1972. As for my financial background, it can only be described as poor. There were nine children in my family during my high school years, eight of whom lived at home. My father worked as a janitor, and my mother did not work outside of the home.

As for my life after participating in Project Upward Bound, I received my bachelor's degree from the U.S. Military Academy in 1976 and I have been serving on active duty in the Army since that time. Currently, I attend the Fletcher School of Law and Diplomacy where I will receive my master's degree in December in international security studies and international finance.

In January 1986 I will return to West Point as a member of the faculty. In terms of the impact of Upward Bound on me, one would only need to look at my records prior to enrolling in Upward

Bound and compare those records following just 1 year in Upward Bound. The differences are quite substantial.

Prior to being involved in Upward Bound I had decent grades; they were above passing, but they were totally inconsistent and not indicative of what I could do. After just one summer in Upward Bound my grades improved significantly. I had a renewed interest in academics, and I maintained a level of consistency that ultimately allowed me to complete high school as the valedictorian.

I describe these changes in my high school performance so that you can fully appreciate the impact that the program had on me. There were clearly two Aaron Hayes in high school. One was not a bad student, but he clearly was not motivated to take advantage of the opportunities that school had to offer him.

The other one, the one after Upward Bound, was a much better student, and thanks to Upward Bound and the highly effective job that it did in improving my basic skills and providing the kind of environment in which I could mature, the better of the two Aaron Hayes emerged from high school. I was thus able to go on and take advantage of opportunities that probably would not have been there had I continued with the same trend prior to Upward Bound.

I cannot overemphasize the value of my Upward Bound experience in my success in obtaining an appointment to the U.S. Military Academy. The academic programs and the extracurricular activities were very important factors in my becoming a more intellectually oriented student, a capable athlete, and a student with demonstrated leadership, the kind of student that the service academies and, hopefully, other colleges are looking for.

Last, there are a few other things that Upward Bound did for me that are worth mentioning. I received my first physical examination as a result of being accepted into the program. I was 16 years old at the time. Second, I needed a pair of eyeglasses during my first year in the program. Upward Bound provided them. Third, when I received an offer of admission to West Point, it stated that all admittees had to have all dental problems corrected prior to entering. The Upward Bound Program made that possible.

Now, these are very small occurrence when taken in isolation, but nevertheless they made a difference for me. Hopefully, through the aforementioned description of my experience with the program you can see that Upward Bound touched my life in a number of ways: academically, athletically, medically, and socially. It was, as I look back, an opportunity that changed the course of my life and made it possible for me to move toward fulfilling my potential.

In closing, I would just like to say that in this era of the budget crisis and the real need to take specific and, of course, very painful steps in order to get the deficit under control, I realize that there are a lot of good things and maybe even essential things that the Government would like to do and probably should do, but in facing the reality of these deficits, the Government just cannot do all of these things.

I understand the task that the Senate faces, and I hope that you will be able to confront these choices successfully. I urge you as you face these tough choices to recognize that America must in fact invest in the future. Programs that develop the youth of America are of vital importance. In authorizing these youth-oriented programs, we must not forget that those who are now disadvantaged must also be able to climb the ladder of success and participate in all dimensions of our society.

I offer the opinion that the Senate should continue to authorize and fund Project Upward Bound and the other Trio programs at a level that will allow them to ensure that low income students are receiving an excellent education and getting meaningful opportunities to achieve everything of which they are capable.

That concludes my statement, Senator.

[The prepared statement of Mr. Hayes follows:]

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New England Association of Educational Opportunity Program Personnel
Northwest Association of Special Programs
Southeastern Association of Educational Opportunity Program Personnel
Southwest Association of Student Assistance Programs
Western Association of Educational Opportunity Personnel

TESTIMONY OF AARON B. HAYES

Before the Subcommittee on Education, Arts and Humanities
United State Senate

September 19, 1985

REGARDING THE TRIO PROGRAMS

Fifth Annual Conference
"Educational Opportunity Programs: A Legacy of Achievement" • September 22-25, 1985 • Hyatt Regency Hotel • Chicago, Illinois

Mr. Chairman, Members of the Subcommittee, I am indeed delighted at having the opportunity to appear before you to present my views on the need for the TRIO programs, and to comment on their effectiveness. I believe that I can conclude, without the fear of exaggeration, that these programs have made very significant contributions to my life and to the lives of other participants. And, I believe, that to a large degree, they have been important factors in the successes many participants have attained.

These programs perform vital functions in identifying worthy students and helping them develop their potential, thereby permitting them to rise to heights that, more than likely, would not have been attainable without the assistance of such programs. The TRIO programs are indeed worthwhile undertakings by the United States Government, for they have paid sizable, recognizable dividends.

Since one of the purposes of these hearings is to assess the effectiveness of these TRIO programs and my testimony here is designed to provide information to allow you to make that assessment, I believe it would be appropriate to describe my experiences with Upward Bound. Through my experiences, you will see an example of how effective the program has been and understand the difference the program can continue to make in the lives of future participants.

Background

I am a native of Columbia, South Carolina, where I attended public schools through high school. From June 1970 through June 1972 I participated in Project Upward Bound at the University of South Carolina.

I come from what could only be described as a financially poor background. There were nine children in the family during my high school years, eight of whom lived at home. My father worked as a janitor, and my mother did not work outside of the home.

As for my life after participating in Project Upward Bound, I received my bachelors degree from the United States Military Academy in 1976, and I have been serving on active duty in the United States Army since that time. My present rank is captain. Currently I am attending the Fletcher School of Law and Diplomacy in Medford, Massachusetts and will complete studies there in December of this year for a masters degree in the areas of International Security Studies, and International Finance. In January, I will return to West Point as a member of the faculty.

Program Impact

If one wanted to see the kind of immediate impact that Upward Bound can have on a student, he would only need to compare my school records prior to my enrolling in Upward Bound with the records following enrollment: the differences are substantial. Prior to my involvement in Upward Bound, the teachers and administrators described me in the following manner: "smart young man but lazy"; "well-mannered student, but does not participate enough in class"; and "quiet student, questionable motivation". I must admit the teachers were correct in their analysis. My grades during those years were above the passing standard, but were totally inconsistent. During one grading period I would have attained "Honor Roll" status, but during a subsequent period would show a substantial drop in my performance. After just one summer in Upward Bound, my grades improved significantly, and I had a heightened interest in the subjects. As my high school years continued, I maintained a level of consistency in my performance which ultimately allowed me to complete high school as the valedictorian.

Prior to my enrollment in Upward Bound I did not participate in extra-curricular activities. I had convinced myself that I did not have anything to offer any of these groups. However, after enrolling in Upward Bound, I became actively involved in school activities, including student council organizations, where I held many leadership positions, and played varsity basketball and ran track. I am convinced that it was as a result of my exposure to the many activities of Upward Bound that I became more involved in school activities and received a more rounded education.

I describe these changes in my school performance so that you can fully appreciate the impact that the program had on me. There were clearly two Aaron Hayeses in high school: one not a bad student, but clearly not motivated to take advantage of what the school had to offer, and the other one, a much better student. Thanks to Upward Bound and highly effective job it did in improving my basic skills, exposing me to new ways of learning and to new activities, and, generally, providing the kind of environment that allowed me to mature and to motivate myself to work harder and take advantage of opportunities, the better of the two Aaron Hayeses emerged. I was thus able to acquire a better education, mature faster, and achieve a level of excellence. Opportunities probably would not have been there if I had continued to perform in the same manner as I had prior to joining Upward Bound.

I would like to offer some specific ways in which Upward Bound helped my development. The academic programs in the areas of higher mathematics, hard sciences, and communication skills were of significant importance to me, as I later realized during my early years at West Point. In comparison to my West Point classmates, I was at least average to above average in those subject areas: a conclusion substantiated by my transcript. The areas in which I experienced difficulty at the Academy, such as environmental sciences and engineering graphics either were not offered in Upward Bound or I did not participate in them.

In the areas of extracurricular activities, Upward Bound exposed me to many new things. While there I took my first trip outside of the state of South Carolina, where I saw my first non-high school theatrical production (in Flat Rock, North Carolina). I participated in field trips that took me away from the Columbia metropolitan area for the first time, and had the opportunity to see many of South Carolina's historical sites. In fact, on one of these trips I even saw the Atlantic Ocean for the first time, although it was only 100 miles from where I lived. I was exposed to photography, journalism, and computers. There were even opportunities for me to participate in student theatrical productions. In short, I was exposed to many things in Upward Bound that I probably would not have been exposed to until much later, if ever.

Through the speakers programs offered at Upward Bound, I had the opportunity to meet and to speak with many local officials. Hearing and seeing these people gave me an insight into the functioning of our community, and of local and state governments that I probably would not have received in the local schools. In retrospect I would now say that these meetings were probably my first real lessons on civic responsibility. Those lessons have not been lost and continue to play an important part of my life.

In terms of athletics, I participated extensively in the sports offerings. In fact, because Upward Bound was located on the campus of the University of South Carolina, the varsity athletes from the University would assist in conducting sports clinics. It was through these athletic activities that I acquired the skills to play on my high school varsity teams. Additionally, these activities were instrumental in teaching me th value of team-oriented behavior and in increasing my own self confidence.

I cannot overemphasize the value of my Upward Bound experience in my success in obtaining an appointment to the United States Military Academy. The academic programs and the extracurricular activities were very important factors in my becoming a more intellectually oriented student, a capable athlete, and a student with demonstrated leadership--the kind of well-rounded student that West Point sought.

The staff members of Upward Bound played significant roles in my experiences there, as well. The guidance counselors patiently scrutinized my records and directed me towards those activities which would best assist in my development and improve my weaknesses. They were very important players during the period in which I applied to the various colleges. Without their patience, the detailed reviews of paperwork, and the continual prodding sometimes necessary in order to motivate me to comply with deadlines, my college experience may have taken a different turn. I found that these staff members were dedicated public servants who were interested in doing their best for the students.

The interaction with the tutor-counselors was another valuable experience for me. These young men and women (all college students) were not only available to perform as tutors, but they were also role models for the younger students. In my case, my tutor-counselors were the big brothers that I did not have at home. They were the people with whom I could speak about the problems that teenagers experience. They were also the firm hands of discipline that were needed around a dormitory filled with teenagers. Learning from the experiences of the tutor-counselors, many of whom came from similar backgrounds, and seeing first hand the kinds of things young people could do, did much to enhance my own personal motivation.

Lastly, there were a few other things that Upward Bound did for me that are worth mentioning. First, I received my first physical examination as a result of being accepted into the program when I was 16 years old. Second, I needed a pair of eyeglasses during my first year in the program; Upward Bound provided those eyeglasses. Thirdly, when I had received the offer of appointment to West Point, it stated that all admittees had to have all dental problems corrected prior to entering. The Upward Bound program made it possible for me to fulfill that requirement. These are small occurrences taken in isolation but nevertheless they made a difference for me.

Through the above description of my experiences with the program, one can easily see that Upward Bound touched my life in a number of ways, academically, atheletically, medically, and socially. It was, in retrospect, an opportunity that changed the course of my life and made it possible for me to move towards fulfulling my potential.

Recommendations

I believe that any measures that can improve the programs and allow for providing a better service to the students and to the dedicated people who work in these programs should be undertaken. In this era of the budget crisis, and the real need for the taking of specific and, of course, painful steps in order to reduce the deficit, I know that all expenditures by the government must come under close scrutiny and assessment. There are a lot of good things, maybe even essential things, that the government would like to do or should do, but in facing the reality of the deficit, the government cannot do all of those things. I recognize these truths and I can appreciate the magnitude of the difficulty members of the Senate have had and will continue to have in deciding which kinds of government expenditures must either be cut, eliminated, or, in some instances, increased.

I am, however, going to make your jobs even more difficult by saying that Project Upward Bound has been an example of the good that government can do. I urge you, as you face the tough choices ahead, to recognize that America must look to the future, and invest in it wisely. Programs that develop the youth of America are of vital importance.

In authorizing these youth oriented programs, we must also ensure that those who are now disadvantaged will be able to climb the ladder of success, participate vigorously at all levels of our society, and make meaningful contributions to our nation. The TRIO programs have been one good way of helping some of the underpriviledged, and grooming then in such a way that they are able to make meaningful contributions, and do not waste their potential.

In closing I offer the opinion that the Senate should continue to authorize and fund Project Upward Bound and the other TRIO programs at a level that will allow them to ensure that low-income and first-generation students are receiving an excellent education and meaningful opportunities to achieve everything of which they are capable.

Senator PELL. Thank you very much, Captain Hayes. It is a very moving, telling statement. Ms. Lyle.

Ms. LYLE. Thank you. Mr. Chairman, members of the subcommittee, my name is Robbie Lyle. I am the director of Special Services and Upward Bound at Arkansas State University and president-elect of the National Council of Educational Opportunity Associations.

I am pleased to have this opportunity to present the NCEOA's recommendations regarding the reauthorization of special programs for students from disadvantaged backgrounds. The programs authorized under the subpart are commonly known as Trio programs.

In the 1980 amendments, the Congress made significant changes in the Trio subpart clarifying both the eligible population and the types of activities to be undertaken by each of the Trio programs. These changes went into effect during the 1982-83 academic year, and the Trio community is basically pleased with the current operation of the subpart. Therefore, we are not requesting any major modifications in the Trio programs at this time.

Our recommendations are basically technical. They include the following: increasing the Trio authorization level, codifying the current practice of giving an institution or an agency prior experience points for administering a Trio program a 13-percent weighting in making new awards; permitting post-Vietnam veterans to be eligible for Upward Bound services; eliminating the matching requirement of educational opportunity centers; expanding the allowable activities under the Trio training authority to include the publication of training material. We further recommend authorizing a National Center for Postsecondary Educational Opportunities designed to increase awareness and availability of student assistance.

The latter is a new recommendation. The rationale for this recommendation (the National Center) is to compensate for the Department of Education's inability to finance an information dissemination initiative due to cutbacks in its own funds. During the proposed cuts in financial aid much misinformation was circulated and students who needed financial assistance most in order to gain access to a postsecondary education were denied accurate information. These students, by and large, were the low income and minority students from disadvantaged backgrounds. Since we have representatives talking about Special Services and Upward Bound, I would like to mention briefly the other three programs under Trio: educational opportunity centers targeted on adults who have lost their jobs, women on welfare, as well as high school dropouts.

The purpose of this program is to provide for low income, first generation adults information about admission to postsecondary programs and financial aid available; also to assist them in making applications to schools of their choice.

Talent Search serves junior and senior high schools without counselors. Arkansas, in particular, has numerous schools without counselors, and the counselors from Talent Search fill the void for students in these schools. The purpose of the program is to identify qualified, low income and disadvantaged youth and to encourage them to complete secondary schools.

Talent Search publicizes the availability of financial aid and assists the students and their parents in making applications for these aids. It was noted last year that more than 20 percent of the black and Hispanic freshmen who enrolled in schools had been in contact with these two programs.

The last program I would like to bring to your attention is the training authority. The purpose of this program is to provide training for persons working in the Trio programs in specialized areas such as computer utilization, working with handicapped students, and improving communicative skills, and mathematics and science instruction.

Mr. Chairman, I am sure that you appreciate along with me the real honor of being here with these former students. They are here today not only as beneficiaries of Trio programs, but they are also beneficiaries of Pell grants, SEOG's, GSL's, and college work-study. They are beneficiaries of a deliberate policy to promote equal educational opportunity in postsecondary education because members of this committee truly believed that there are potential Rhodes scholars and West Point faculty members not only among the privileged in this country, but also among the children of the poor and the working classes.

We appreciate the strong support the subcommittee has provided the Trio programs in the past, and I would be pleased to answer any questions you might have.

[The prepared statement of Ms. Lyle and responses to questions submitted by Senator Hatch follow:]

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Association of Special Programs in Region Eight

Caribbean Association of TRIO Programs

Mid-America Association of Educational Opportunity Program Personnel

Mideastern Association of Educational Opportunity Program Personnel

New England Association of Educational Opportunity Program Personnel

Northwest Association of Special Programs

Southeastern Association of Educational Opportunity Program Personnel

Southwest Association of Student Assistance Programs

Western Association of Educational Opportunity Personnel

TESTIMONY OF ROBBIE LYLE

DIRECTOR OF UPWARD BOUND AND SPECIAL SERVICES
ARKANSAS STATE UNIVERSITY

and

PRESIDENT-ELECT

of the

NATIONAL COUNCIL OF EDUATIONAL OPPORTUNITY ASSOCIATIONS

Before the Subcommittee on Education, Arts and Humanities
United States Senate

September 19, 1985

REGARDING THE TRIO PROGRAMS

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Mr. Chairman, Members of the Subcommittee, my name is Robbie Lyle and I am the Director of Special Services and Upward Bound at Arkansas State University and President-Elect of the National Counciil of Educational Opportunity Associations. I am pleased to have this opportunity to present the NCEOA's recommendations regarding the Reauthorization of the Special Programs for Students from Disadvantaged Backgrounds Subpart of the Higher Education Act. The programs authorized under the Subpart are more commonly known as the TRIO programs. The recommendations include:

1. Increasing the TRIO authorization level;
2. Codifying the current practice of giving an institution or agency's prior experience in administering a TRIO program a 13% weighting in making new awards;
3. Providing that post-Vietnam era Veterans be eligible for Upward Bound services;
4. Eliminating the matching requirement for Educational Opportunity Centers;
5. Expanding the allowable activities under the TRIO training authority to include the publication of training materials; and
6. Authorizing a National Center for Postsecondary Opportunity designed to increase awareness of the availability of student assistance.

With the exception of the National Center concept, most of these changes are merely technical, and I would therefore concentrate my attention this afternoon upon the present operations of the TRIO programs.

In the 1980 Amendments, the Congress made significant changes in the TRIO subpart, clarifying both the eligible population and the types of activities to be undertaken by each of the TRIO programs. These changes went into effect in the 1982-83 academic year, and the TRIO community is basically pleased with the current operation of the Subpart. We are not requesting any major modifications in the TRIO programs at this time.

As you well know, there are five TRIO programs presently authorized: Educational Opportunity Centers, Special Services for Disadvantaged Students, Talent Search, Upward Bound, and a training authority for TRIO staff members. The first of the programs, Upward Bound, was originally authorized under the Economic Opportunity Act in 1964. Talent Search was authorized in 1965; Special Services in 1968; Educational Opportunity Centers in 1972; and the training authority in 1976. All of the programs are targeted upon low-income and first generation college students -- students whose family incomes are below 150% of the poverty level, where neither parent graduated from college.

Since the original authorization of the Higher Act, this Subcommittee has consistently viewed these Title IV programs -- as your report accompanying the 1980 Amendments noted -- as an integral part of the strategy of federal student assistance. TRIO provides the type of non-financial assistance -- information, tutoring, counseling, academic advising, remedial and supplemental instruction -- that is necessary to provide low-income and first generation students a realistic opportunity to enroll in and graduate from college.

In 1985, 33 Educational Opportunity Centers provided 100,000 low-income and first generation adults with information about admission to college and assistance in applying for admission and for student financial assistance. The 167 Talent Search projects provided similar services to over 180,000 junior and senior high school students. Both of these programs operate at a cost of less than $110 per client. And as the House Committee on Education and Labor noted last year, more than 20% of Black and Hispanic freshmen who enroll in school have contact with one of these programs before enrolling.

The 420 Upward Bound programs -- the type of program Ms. Harmon-Schamberger participated in at Salem College and Captain Hayes participated in at the Unoiversity of South Carolina -- provide more intensive services to high school students. These 33,000 young people attend classes on college campuses during the summer where they also participate in a variety of cultural activities and motivational experiences. During the academic year, Upward Bound students receive additional counseling and instructional support, both on campus and at their high schools. According to a five-year follow-up study by Research Triangle Institute, 91% of the Upward Bound graduates go on to college and Upward Bound graduates are four times as likely to receive a baccalaureate as similar students who do not have benefit of these services.

The 650 Special Services programs, such as that at Marquette University in which Mr. Cosgrove was enrolled, provide support to a much larger group of low-income, first generation and physically handicapped students already enrolled in college. These 140,000 students receive such support as remedial instruction, specialized academic and personal counseling, tutoring and specialized graduate placement assistance. According to a 1982 study by Systems Development Corporation, Special Services students who receive counseling, tutoring and instruction are more than twice as likely to stay in school as are similar students who do not receive such support.

The TRIO training program has been used to fund ten seminars for TRIO staff annually on topics such as computer utilization, serving physically handicapped students, and improving mathematics and science instruction.

Mr. Stafford, it is, as I am sure you appreciate, a real honor for me to appear before the Subcommittee today with these former students. They are here, I sincerely believe, as the result of the policies this Subcommittee set into motion in the 1960's and 1970's. They are here today, not only as the beneficiaries of the TRIO programs, but also as the beneficiaies of Pell, of SEOG, of GSL and of College Work-Study. They are the beneficiaries of a deliberate policy to promote equal educational opportunity in postsecondary education because members of this Subcommittee truly believed that there were potential Rhodes Scholars and West Point faculty members not only among the children of the privileged, but also among the children of the poor and working classes.

You and I have seen that policy eroded over the past ten years. As the American Association of State Colleges and Universities' recent study confirms, participation rates of students from families with incomes below $10,000 have dropped 17% since the mid-seventies; participation rates of Black students have dropped 11%.

In my opinion, the evidence which I cited very briefly this afternoon provides strong support for the position that TRIO programs provide services which are vital in assuring disadvantaged students a realistic opportunity to graduate from college. Additionally, TRIO programs are the principal mechanism available in the Higher Education Act to assure that your conviction that there is potential among the most disadvantaged will be strongly articulated on our Nation's campuses.

We appreciate the strong support the Subcommittee has provided the TRIO programs in the past and I would be pleased to answer any questions you might have.

RESPONSES TO QUESTIONS FROM SENATOR HATCH

1. The proper division of responsibility between the student, parents or other family, the educational institution, the private sector, and government in financing post-secondary education.

As President of the National Council of Educational opportunity Association, I am principally concerned with the interest of low-income and other disadvantaged students with respect to postsecondary education. As a rule, the families of these students have no resources to support their enrollment in higher education. As a result, with respect to the most needy students, the issue becomes the proper role of the federal government, of the institution, of the private sector, and of the student in financing an individual's education.

It is my strong conviction that the federal government has a very real interest in extending opportunity to the disadvantaged by assuring opportunities for postsecondary education. Further, the NCEOA believes that no student without family resources can realistically be expected to provided more than 25% of the cost of attendance through self-help such as work or loans, and that even those work and loan programs must usually be subsidized by the federal government. For the most disadvantaged students, the remaining 75% of cost of attendance should be federal or state grant aid. Finally, if 25% of the cost of attendance exceeds $2,500 per year, the balance should be made available in grant aid from the insitution or private sector. Presently, lowest income students in independent institutions bear approximately 39% of the cost of attendance ($3747) through self-help, while students at state supported institutions bear approximately 46% of the cost of attendance ($2290) through self-help.

2. The proper balance between loans, grants, and work in financial aid packages in order to ensure a student's maximization of his education.

I am convinced that at the undergraduate level, students from the lowest income levels should not be expected to contribute more than $2500 to the cost of attendance. The division of their self-help between loans and work is best decided by professionals familiar with the student's course load and abilities and should include TRIO staff and financial aid administrators on the campus.

3. Whether or not more resources for financial aid should be channeled to institutions for disbursement through them to students and why.

The present system provides a floor of support (the Pell Grant) in aid channeled directly to the student. The remainder of the aid package is provided through aid (Grant, work and loan) awarded by the institution. If sufficient amounts are provided in both of these categories, it assures both access and choice.

4. Whether or not, and how, greater concern with a student's educational achievement levels should be made a part of criteria for financial aid.

The issue of satisfactory academic progress poses difficult questions for the Higher Education Reauthorization. Certainly, under the present system, in many institutions, young people from disadvantaged backgrounds (who are often working 30 or more hours per week) are required to have a higher grade point average to remain in school than students from more privileged backgrounds. Any system of satisfactory academic progress should require the involvement of TRIO personnel in both the establishment of standards of progress for the most disadvantaged students and in the appeal procedures available to students who initially fail to meet.

Senator PELL. Thank you very much, Ms. Lyle. Now we turn to Ms. Harmon-Schamberger, and with a singular sense of timing, your Senator has turned up to introduce Ms. Harmon-Schamberger.

Senator ROCKEFELLER. Thank you very much for waiting. I have to pronounce myself such a fan of Barbara Schamberger that anything I say has to be understood not only in terms of my respect for what it is that she has done, but also as I have come to know her as a person and her potential.

I went, Mr. Chairman, to West Virginia 21 years ago as a Vista volunteer, and it was my early experience that working in a community in the southern part of our State, which is in the coal fields, that there were so many young people with a lot of talent, and I struggled in various ways as a Vista volunteer working with various programs to try to be helpful.

But it always seemed there were more problems than there were opportunities and that one could hope, but then something always came up to strike down the opportunity for a young person. I do not imagine, however, that any young person that I worked with in the worked out coal fields had anywhere near the problems that Barbara Schamberger did as she grew up; growing up poor and white in Appalachia is not easy. Growing up poor and black in West Virginia or Appalachia is not easy. Growing up poor, black, and white in West Virginia or in Appalachia is not at all easy. Barbara has done that, and she went through, I think, all of the most difficult experiences that one could possibly go through, including many that are very classic, no running water, no electricity, and things that one associates with a different age and a different time.

And yet here is this very remarkable person who is now a Rhodes scholar on her way to Oxford where she will study international relations and politics, and it is my hope that she will in fact get into politics someday, and I believe she has that interest.

But the story of Barbara Schamberger is an inspiration to young people everywhere. I wish there was a way to clone her and to send her across the country and to give everyone everywhere hope because through sheer grit and determination and very good genes, and the Trio program, particularly Upward Bound, Barbara was discovered, discovered herself, was discovered, and turned from somebody who was virtually, I think, dropping out of high school in the 11th grade, which is not a real good time to drop out of high school if you want to go on to college, which she was not then planning to do, Upward Bound found Barbara. Barbara found Upward Bound. There was a synthesis there. Barbara is now at West Virginia University, has reached levels of excellence that are incomprehensible to me, and is, as I say, a Rhodes scholar, the 20th from West Virginia University, the first woman in the history of West Virginia's Rhodes scholarship experience, and beyond those usual things that one would say, although I do not consider those very usual, in introducing somebody, Mr. Chairman, Barbara is just unique, extraordinary, and inspirational.

I introduced her to one other panel, and I got all nervous in so doing. This was before the House, and I got nervous and I sort of read from my test because I was slightly in awe of Barbara and wondered why it was that there were not more people like her in the center rather than people like myself.

Now I am not as nervous about it, but I certainly am equally as proud about it. Barbara has a lot to tell our country. If there is any time at any moment in any of our lives that we feel a bit discouraged about things or events or situations do not seem to be going the way we would want, I think it would be a good idea if one simply thought about Barbara, what she has been through and what she is and what she will be.

Mr. Chairman, with that introduction, which is inadequate but, as I think you can tell, very heart felt, I present to you West Virginia's latest Rhodes scholar, Barbara Schamberger.

Senator PELL. Thank you very much, indeed, Senator Rockefeller. Ms. Harmon-Schamberger.

Ms. HARMON-SCHAMBERGER. Senator Pell, committee members, and Senator Rockefeller, with an introduction like that I am not sure how well I could possibly do. Thank you very much.

I suppose the fact that I exist bothers a lot of people because it proves to a lot of people that just because you are poor does not mean you do not have motivation; just because you are really undereducated in secondary school systems in this country that you can go on and do quite well at the university. I think that bothers people because it means we have a responsibility to those we assume do not start out very well and we should not waste resources on them.

Upward Bound is a resource that someone brilliantly came up with, and between Upward Bound and financial aid I got here. It is access. It is opportunity. It is not something that is easy to explain simply in breakdown terms because is teems at times it works on a personal level. It is contacts, and it is personalities; is it not a simple statistical formula. If we put point A and point B here, then we will get point C. It did not work that way with me.

I did not have confidence, and many times today I do not still. Now that I have the Rhodes scholarship I feel better because I can walk around and say I am a Rhodes scholar, and when I start feeling afraid and worried and thinking that I really do not have the abilities that some people describe to me, thankfully enough, then I remember: I am a Rhodes scholar. But I did not get to that point by saying that all along.

I did not go through 4 years of school saying I am going to be a Rhodes scholar. I mean, I conned myself into believing it, but that is not how I got here. How I got here was Upward Bound because when I said I am going to go paint glass in the Clarksburg Glass Factory, my Upward Bound counselor, oh, no, you are not. When I said, well, I am going to go to a small school that I can probably handle, he said, oh, no, you are not; that is not nearly close to your ability.

It was an Upward Bound counselor that said that. It was an Upward Bound counselor that first said, hey, I hear you did well on your SAT's. I did not even have the scores. They had gotten them before I did. He said, you got a 25, well above the national average. I had no idea. I flunked the 11th grade, and I had it drummed into me for 13 years, you are nothing and you have no capabilities. And as long as I was in public school, I really believed it. I got in college and what I fell back on was my Upward Bound counseling. Those people pushed and droved and conned and cajoled and blackmailed. I mean, they shoved me into the university; they really did. That was not my idea. And they said, you can do it and we will be here.

And when the second semester rolled around to fill out the financial aid forms, they did it. I still could not do it and I still did not believe it. But somewhere along through there, those 4 years of school, I could hear them saying you can and you will, and it was an Upward Bound counselor that first said Rhodes scholarship. It was an Upward Bound counselor that said you are going because you are going to be Upward Bound's first Rhodes scholar. And I said, what is a Rhodes scholar.

And they went into this big routine, and I thought that is very interesting and it was not anything close to me. I was a wallflower, and this was someone who was dynamic and I did not see myself as that. I said, well, that is interesting; Oxford, is it near Harvard. That is where all the brains are—frightfully uneducated. It was Upward Bound that gave me enough money to take the ACT. It made the difference.

It is not the kind of program, unfortunately, that we can just sit down and take apart, as I said. It is personalities. It is the best counseling. It is dedicated people.

I hope most of the time that I am an exemplary student and know that I am not—and I hope most of the time that I personify what Upward Bound strives to be. I think on paper I can pull that off fairly well. I am not always that confident. I was never a good student. Even in college I am a reasonably marginal student. I have a 3.4 average with four majors, which is not all that extraordinary for a Rhodes scholar, but it was still Upward Bound that taught me that. It was Upward Bound that taught me to write. I could not write a paper. I could not handle mathematics. It was all of those things that gave me so much. It gave me everything. It is an opportunity we cannot afford to lose because it is the confidence level that changes, everything, the confidence level.

When those kids walk out of there they really believe they can do something whether they can or not. I do not think I could have done it. I really do not. They had me convinced that I could. It was either the greatest snow job in the world or the greatest foresight; I am not sure. But somebody decided I was going to do something. I sure did not. I mean, my mother always did. I mean, I walk on water according to my mother, as she does for me. The genes are a very accurate description. But it was Upward Bound that finally got me here. It got me here and it gets so many more here.

I mean, Barry and Aaron, the three of us are just three people that they know about, and there are so many more. Reauthorization is so important. Increased spending is so important. We are losing students. We are losing, I guess, 50,000 students each year because of that. The least we can do is reauthorize for our future, reauthorize for our credibility, reauthorized for the students. It is not just a program aimed at minorities. It is a program aimed at every poor kid in the country that has any possibility, any hope.

I am a rural West Virginian. I was the only minority in my entire school, 500 students. So it is not a minority based program; it is a program for every student that has hope, that has any capability, that has any dreams. It is being offered, of all the things that I can think of, between that and the opportunities of financial aid, that is what got me through school, and I thank them for every moment I have had since them. Thank you, sir.

[The prepared statement of Ms. Harmon-Schamberger follows:]

TESTIMONY OF BARBARA ANN HARMON-SCHAMBERGER

Before the Subcommittee on Education, Arts and Humanities
United States Senate

September 19, 1985

REGARDING THE TRIO PROGRAMS

Mr. Chairman, Members of the Subcommittee my name is Barbara Ann Harmon-Schamberger, and I am both honored and pleased to appear before the Senate Subcommittee on Education, Arts and Humanities on behalf of Upward Bound and the other TRIO programs.

I have just finished four years of study completing four majors and two Baccalaureates at West Virginia University. In the Fall I will be reading for an M. Phil. in International Relations at St. Catherine College, Oxford University as a Rhodes Scholar.

It has been four long financial aid and work filled years up to this point, all of them rewarding and productive. Five years ago, however, my highest aspiration was a steady paycheck from any reliable source, honorable, illegal or otherwise. My only goal: to stay off food stamps. My world views limited to country boundaries. Not bad views, but certainly far less than those of which I was capable. These weren't just common fears, but experiential ones. You see, West Virginia University's last Rhodes Scholar was the son of a Governor. I, their newest, am the daughter of a welfare mother.

My life has been spent in different places, about sixty-forty in California and West Virginia respectively. And our standard of living decreased with each change in the terrain. In West Virginia we have not had running water -- ever. We do not have electricity, and until our recent move to Ritchie county, did not have adequate heat. By adequate, I mean warm enough to keep the clothes from freezing solid in the chest-o-drawers. I build a mean fire (though I once put the chimney on blaze) and can wash as well on a rub board as on a thirty-six five gallon bucket filled wringer washer.

My only real complaint was sharing my bath water with our German Shepard who perceived the filled No. 2 washtub as an adequately sized water dish.

True, it was not always this bad. As a very small child I had almost everything a child could want. I did not know at the time though that the luxuries and presents were a result of a mis-diagnosis of cystic fibrosis. I was not as aware of my illness as much as I was of my mother D'Annes', devotion and love. That bond that developed made it easy to reciprocate the same display when both her health and her second marriage began to fail.

Though I could not yet read, I began to do the grocery shopping using a list made of cutout magazine pictures, carting the items home in my baby doll buggy. Nor did I feel resentful when the burden of my two younger siblings, Raymona and Richard Schamberger, increasingly fell on me. There wasn't time to be resentful, surviving took all our concentration.

I think surviving is the keyword here, and I believe strongly in its implementation. Implementation, as we all know, can be the killer of any policy. And surviving -- how one survives, and where -- is a policy. It has goals -- affording a six pack every Friday, or getting to see the Rosetta Stone; decisions -- to enjoy the moment or be broken by the past; and actors-teachers, supervisors, colleagues. Surviving is everything, but whether its a short-run or long-run proposal is everything about survival. Until Upward Bound I survived in the short-run.

Being in Upward Bound, ultimately, and without exaggeration, changed my life. No, it didn't buy me new jeans, or stereos -- that would have been short-run. A twenty-dollar monthly stipend is not up for conspicuous consumption. What Upward Bound did for me was to create an opportunity for a long-run goal. Without Upward Bound's financial assistance, I could never have afforded to take the ACT nor been academically prepared enough to score a composite of 25, a score well above the national average.

It wasn't just tangible things that Upward Bound provided, but vital intangibles as well. I flunked eleventh grade for health absences in the 1978-79 school term. I didn't deal with that very well, and would have preferred to quit school. My Upward Bound/ High School Guidance Counselor, James Russell, pushed, conned, cajoled, and all but blackmailed me into staying in school. Mr. Russell let me hide out in his office when the petty politics of the overly autonomous Doddridge County School system came near to pushing me over the edge. Upward Bound gave me a peer group; being bi-racial in West Virginia had not allowed me to cultivate many associations.

Upward Bound took me places and gave me experiences I hadn't encountered or felt in more than a decade. The summer film festival on Salem College's campus while we Upward Bound Students were in residence made up for so many of the films I had missed. The travel and the excitement of bursting through the Fort Pitt tunnels into Pittsburgh was phenomenal. This program gave me more than anyone other than my mother and best friend Kelly Weber had ever given. And it gave at this most important time of my life to that date.

Not only was Upward Bound the major contributor to my high school success, but it was the starter catalyst, if you will, for even the Rhodes Scholarship. Five years ago, Anna Russell, my Upward Bound counselor's wife insisted that I attend a university instead of the small college I had initially, because of finances, suggested. I asked her why she had these convictions, and she said: "Because you're going to be Upward Bound's first Rhodes Scholar." I smiled and said, "What's a Rhodes Scholar?" So she and Jim told me all of these incredible attributes that Rhodes Scholars possess. I thought they were surely mad. But I was polite and responded: "So where is Oxford, is it near Harvard?"

The distance between those days and these has grown wider by more than chronology. The distance is spanned not only by knowledge and experience, but by opportunity discovered and taken advantage of as well. It was, if I may reiterate, Upward Bound that set me on this course of achievement and distance, and probably still steers my direction by the long-run methods it taught me. Even if the Rhodes is my greatest achievement to date, the Upward Bound Program must have been my greatest opportunity. I hope it remains an opportunity for the many others like myself who need that one door opened to methods and goals to a better and greater future.

Senator **Pell**. Thank you very much indeed for your very moving statement. As you probably know, all of you, the administration this year has proposed cutting the Trio Program just about in half, but I think our chairman, who has been a bulwark of support and vigor on this whole battle to keep our educational level standards up, will do his best to make sure that that is not carried out. And I also wondered if each of you could perhaps give me an answer to what other sources besides Trio in the Federal Government proved of help to you in advancing your education, starting out with you, Ms. Schamberger.

Ms. **Harmon-Schamberger**. The other resources that were available to me and were exceedingly helpful were of course financial aid, basic grant, which became the Pell grant, the guaranteed student loan, national direct student loan, work-study, college work-study. Every year I worked a work-study job. I really did not take advantage of the tutoring services because I was working several jobs, and I did not have time.

But it was primarily financial aid and Trio.

Senator **Pell**. Also in prepping for the Rhodes exams, did Trio give you any help in that regard?

Ms. **Harmon-Schamberger**. Just my Upward Bound counselor threatening me with being a Rhodes scholar. It really was not something that anybody else did. That is one small consolation, I think. I did it. So they were very supportive when I did call and say, Mr. Russell, I am planning to do this. What do you think. He was my Upward Bound counselor.

Senator **Pell**. Thank you. Ms. Lyle, what are the programs that are of importance, do you think, for young people going through the Trio Program? What are the main supplementary programs?

Ms. **Lyle**. Some of the main activities?

Senator **Pell**. No. The main Federal programs.

Ms. **Lyle**. The Trio Program is all we have and financial aid.

Senator **Pell**. Are there any other kinds of financial aid that the students——

Ms. **Lyle**. Loans, the NDSL and the GSL; Pell grant and SEOG, and the State scholarship.

Senator **Pell**. Captain Hayes.

Mr. **Hayes**. Well, Senator, I have had my whole educational experience financed by the Government initially at the military academy, and of course the Army is paying for my 2 years of graduate school at the Fletcher School. But had I gone to a civilian institution as an undergrad, I would have probably had to finance my education through loans, Pell grants, and work study. And I think these programs are certainly worth continued funding.

Mr. **Cosgrove**. Senator, I owe $30,000. So I would say I have tried just about everything; student loans, both from the Federal Government, from the State government, grants from the Federal Government and State government. It was so long ago when I was an undergraduate that Pell was not Pell then. It was BEOG. If there was anything, I tried for it, and I learned about it because of the Trio Program at Marquette.

Senator **Pell**. What would be your total burden, debt burden? You said $30,000?

Mr. **Cosgrove**. I owe $30,000. I went to, thank God, law school for free because my employer paid for it. But I would never have had a job if it was not for Trio. I went to graduate school through financial aid, and if I had to pay it all myself, I am just making a guess, but it would be at least three times that, without a doubt.

Senator **Pell**. You mean $90,000?

Mr. **Cosgrove**. Yes, all education combined, no question about it.

Senator **Pell**. Captain Hayes.

Mr. **Hayes**. I have no idea what a West Point education is worth. When I was a cadet they used to tell us it was worth $100,000. I suppose it is worth substantially more by now. I certainly could not have afforded to pay for that myself.

Senator **Pell**. Ms. Schamberger, what would be your debt burden when you finish college?

Ms. **Harmon-Schamberger**. Right now my debt burden is $7,000.

Senator **Pell**. That is just for the AB level?

Ms. **Harmon-Schamberger**. Yes.

Senator **Pell**. And hopefully you will move on into the——

Ms. **Harmon-Schamberger**. It will probably be $15,000 because the Rhodes programs do not provide complete financial assistance. So I will have some loans.

Senator **Pell**. Thank you very much. I thank all of you very much indeed for your patience. I apologize for the on and off nature of the hearing.

[Additional material submitted for the record follows:]

GLCA

GREAT LAKES COLLEGES ASSOCIATION 220 COLLINGWOOD, SUITE 240, ANN ARBOR, MICHIGAN 48103 (313) 761-4833

October 16, 1985

Polly L. Gault
Staff Director
Senate Subcommittee on Education, Arts and the Humanities
625 Senate Hart Office Building
Washington, D.C. 20510

Dear Polly:

The Great Lakes Colleges Association wishes to add its strong endorsement to the statement on reauthorization of International Education Programs which was submitted for the Hearing Record by President Hayford of the Associated Colleges of the Midwest on October 7th.

As you know, our colleges are also deeply committed to international education, and we have been disappointed by the erosion of federal support for undergraduate institutions.

We are particularily concerned about:

-the continuation of the Undergraduate International Studies Program;

-a greater role for undergraduate institutions in the competition for Language and Area International Centers;

-rotating annual competitions for Center grants, to replace the present pattern of competions only every three years;

-an open nationwide competition for Language and Area Fellowships (similar to that for the National Science Foundation's Graduate Fellowships), instead of the present allocation of these fellowships to particular centers.

We hope that you will be able to take these concerns into account during the reauthorization process.

We appreciate the interest and concern which you have consistently shown our colleges.

Sincerely,

Jon W. Fuller
President

JWF/ms

Statement for The Hearing Record

Submitted by

Elizabeth Hayford
President

The Associated Colleges of the Midwest

On the

Reauthorization of Title VI (International Education Programs)
of the
Higher Education Act, As Amended

On Behalf of
the Member Colleges
of
The Associated Colleges of the Midwest

To the
Committee on Labor and Human Resources
United States Senate

October 7, 1985

The Associated Colleges of the Midwest and its member colleges* have had a long and deep commitment to international education. Carleton's relationship with China began in 1908, Grinnell's in 1915, and Beloit students were first studying abroad in the 1920's. The ACM consortium almost immediately after its founding in 1958 began international education activities. Currently it administers seven foreign study programs.

The international education programs administered by the U.S. Office of Education and now the Education Department have been an important source of support. Most recently the Undergraduate International Studies program especially has provided modest but useful aid to new and revised curriculum projects. The program has been well administered. It provides encouragement to institutions to start offering courses in language and international studies as well as assisting experienced and committed colleges in their improvement and expansion in these areas.

In earlier years, beginning in 1965 and ending in 1981, the ACM colleges and their sister colleges of the Great Lakes Colleges Association were often Language and Area Centers. These Center grants recognized their outstanding record of producing students who went on to graduate programs in international fields or into business and other fields of international activity. Among these colleges which received support as Centers were Carleton and St. Olaf in Minnesota, Earlham in Indiana and Antioch, Oberlin and Ohio Wesleyan in Ohio.

We are now strongly discouraged from applying for Center grants and, in fact, no Center grant is now administered from an undergraduate campus. Undergraduate institutions are included in only one consortium Center grant, and even that Center is located near the single large university member and its multi-level facilities. Only ten per cent (ten out of ninety-seven total) of the Centers are Undergraduate Centers, down from an earlier twenty per cent of the total. Furthermore, the Center grants have become progressively more concentrated. A total of forty institutions holds all ninety-seven Center grants. Even in the previous competition, forty-three institutions held ninety-one grants.

Center grants from the Federal government are not in themselves large but, as all holders agree, they are very significant. One index of the significance is the amount of support from other international education programs the Centers attract. Some institutions receive a total of more than one million Federal dollars for their international programs. In fiscal 1983, eighty-one per cent of the Education Department's international education budget went to those campuses designated as Centers.

We believe that, rather than fewer, more undergraduate centers are urgently needed. The undergraduate years are the time to steer students into international careers and to prepare elementary and secondary school teachers as well as to develop international awareness for citizenship.

*The members of the Associated Colleges of the Midwest are: Beloit College, Carleton College, Coe College, The Colorado College, Cornell College, Grinnell College, Knox College, Lake Forest College, Lawrence University, Macalester College, Monmouth College, Ripon College, St. Olaf College.

Recently in The New York Times Leonard A. Lauder, President of Estee Lauder, remarked on the cause of the United States' foreign trade difficulties: Many Americans speak no language but their own and "the language of international trade is the language of the customer."[1] For many business professionals the baccalaureate degree is the final degree. Undergraduate centers can appropriately serve students preparing for such careers.

Applications for undergraduate centers should be judged by different standards than graduate centers, and we have suggested what these standards should be. (Appendix A attached.) They should be judged on the basis of excellence by peer reviewers who are involved in undergraduate education.

In order to turn around the present imbalance of undergraduate centers and stimulate participation in international education by more kinds of productive institutions, we recommend that Congress direct the Education Department to designate one-third of the Foreign Language and Area International Centers as Undergraduate Centers and to encourage the location of at least half of those undergraduate centers on four-year college campuses.

Besides flatly discouraging undergraduate institutions from submitting proposals for Centers, the Education Department has made another administrative decision which dismays all currently 'have-not' applicants. This is the reluctance to hold an annual competition for Center grants. When an institution gears up for the opportunity to become a Center but fails to win an award, it now has no chance to build on the momentum of administrative planning, faculty and student interest and increased institutional and outside funding. The reviewers' comments, so often a valuable guide on requirements and standards, are rendered almost useless if, as is usually the case, a college or university must wait two or three years to reapply. We strongly urge that Congress direct the Education Department to hold an annual rotating competition for the three- (sometimes two-) year Center grants. This will keep the program visible, tend to open the competition and attract a broader constituency than those who now apply.

We also urge that Congress consider a national open competition for the Language and Area Fellowships (originally National Defense Education Act Fellowships), similar to the exemplary program of Graduate Fellowships administered by the National Science Foundation which attracts top students into graduate work in the sciences wherever they may be, who may then attend the institutions of their choice. The Fellowships presently are awarded to institutions and often become one more way in which the Education Department allots funds to Center grantees. An open competition will function as a marketplace revealing talented students who may, in turn, by exercising choice encourage quality in the graduate institutions -- some of which may not have been recognized by the Education Department.

[1] Lauder, Leonard A., "The Language of Foreign Trade," editorial in The New York Times, October 7, 1985, p. A31.

We appreciate this opportunity to endorse the Federal support for international education on all levels and to offer our suggestions for making the Federal venture more productive and more open to programs of high quality all over the nation. Thank you.

APPENDIX A

Criteria for Undergraduate Language & Area Centers, International Education Programs, Education Department

1. Transdisciplinary or multidisciplinary curriculum focusing on international problems. Examples: Arms & security, development, human rights, uses of the seas.

   For undergraduate centers this crossdisciplinary approach is important even for those centers with a geographic concentration. Some resources to deal with problems from the viewpoint of more than one culture should be a significant criteria for undergraduate centers. Model curricula design and consultants to the field are a logical product for outreach activities. (See criterion 6.)

2. Commitment to language study. This commitment can most easily be assured if the college has a language requirement for graduation. An advisory system emphasizing the importance of languages and other methods of encouraging language study may also qualify as commitment.

3. Library holdings in the area of concentration. The measure of adequate library holdings may be determined by some actual number of holdings or by a percentage of the total library holdings. Works in translation may qualify. (These have been discounted often by reviewers who are most used to the standards imposed for graduate centers.) Holdings should contain basic reference works and journals in the field. The center is expected to undertake the responsibility to maintain and keep current the collection.

4. Faculty must have had foreign experience. Criteria may properly weigh recent (during the last five years) foreign experience.

5. Undergraduate centers may require fewer faculty with significant expertise than graduate centers but faculty resources must represent breadth. An undergraduate center should possess:

   1) a small core of experts with strong credentials,
   2) a second echelon of faculty with foreign experience, some training and knowledge in support areas, and
   3) a broader group with some community and other contacts and related interests (e.g., science faculty).

6. Outreach and sharing activities with peers in postsecondary education and/or elementary and secondary school personnel. Undergraduate centers may serve as a modest source of curricula and audiovisual materials to be available to others. They may provide opportunities for some school and postsecondary faculty development.

7. A record of success in producing alumni in the field of international interests, including business, journalism, Ph.D.'s, etc. This will indicate excellence in the program and institutional commitment.

Independent Colleges Office
September 30, 1980

Council on Legal Education Opportunity

1800 M STREET, N.W., SUITE 290, NORTH LOBBY, WASHINGTON, D.C. 20036 TELEPHONE (202) 785-4840

LAWRENCE C. JOHNSON
Executive Director

September 30, 1985

Honorable Robert T. Stafford
Chairman
Subcommittee on Education, Arts
and Humanities
625 Hart Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

Enclosed is a copy of the Statement of Lawrence Chism Johnson on behalf of the Council on Legal Education Opportunity regarding the reauthorization of Title IX, Graduate Programs, Part D - Fellowships for Other Purposes of the Higher Education Act of 1965, as Amended.

It is offered to provide to you and members of the Subcommittee on Education, Arts and Humanities information about the on-going success of the Council on Legal Education Opportunity (CLEO) in carrying out, pursuant to Part D, activities that assist individuals from disadvantaged backgrounds to undertake training for the legal profession. We hope this statement will aid you and the members of the Subcommittee in your consideration of the reauthorization of this important legislation.

Sincerely,

Lawrence C. Johnson

Lawrence C. Johnson
Executive Director

LCJ:bar
Enclosure

Sponsored jointly by
American Bar Association — Association of American Law Schools — Hispanic National Bar Association
Law School Admission Council — National Bar Association

STATEMENT
of
LAWRENCE CHISM JOHNSON
on behalf of the
COUNCIL ON LEGAL EDUCATION OPPORTUNITY
to the
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES
of the
COMMITTEE ON LABOR AND HUMAN RESOURCES
of the
UNITED STATES SENATE
pertaining to the
REAUTHORIZATION OF TITLE IX, GRADUATE PROGRAMS
PART D - FELLOWSHIPS FOR OTHER PURPOSES
of the
HIGHER EDUCATION ACT OF 1965 as AMENDED

SEPTEMBER 30, 1985

Mr. Chairman and Members of the Subcommittee:

On behalf of the Council on Legal Education Opportunity (CLEO), I submit this testimony regarding the reauthorization of Assistance for Training in the Legal Profession, Title IX, Part D of the Higher Education Act of 1965, as amended, pursuant to which CLEO undertakes activities to assist individuals from disadvantaged backgrounds to obtain a legal education.

CLEO has been in operation since 1968. It was formed as a joint effort by the Association of American Law Schools (AALS), the American Bar Association (ABA), the National Bar Association (NBA), and the Law School Admission Council (LSAC), and in 1972 La Raza National Lawyers' Association (now the Hispanic National Bar Association (HNBA)) joined as a sponsoring organization. CLEO's programs were designed and continue to serve those educationally and economically disadvantaged persons who have had limited access to a legal education. And while there is evidence that access to legal education has increased since 1968, in contrast to previous levels, access to graduate and professional opportunity by disadvantaged Americans continues to be an elusive goal. The goal of greater economic and political participation in the mainstream of society remains an unrealized dream for many: For example, the 1982 Annual Survey on Current Population Statistics of the Bureau of Census reports that of 606,000 lawyers in the United States, only 3.6% were members of a minority group. Currently, this percentage has increased to just over 4% of the more than 650,000 lawyers nationally.

Furthermore, higher education has proven to be an effective vehicle for obtaining a more equitable distribution of political influence. This is because those persons most involved in the decision-making process of this country are, themselves, products of the higher education system. This phenomenon is particularly germane to the legal profession, given its role within the country's decision-making process generally and its historic lack of accessibility by disadvantaged persons. The profession's impact on the formation of national policy is widely conceded because of the relationship of lawyers to all three branches of government, comprising almost exclusively the judicial, and significant percentages of both the legislative and executive branches.

The CLEO program works to increase the number of disadvantaged persons within the legal profession by providing an alternate mechanism for assessing, within the law school environment itself, the potential of each program participant for the study of law. Thus, the program is designed to serve those persons who aspire and are qualified to enter the legal profession but who may be unable to gain admission to law school through the traditional admission process.

The program achieves its goal of identifying qualified law school candidates and providing the opportunity for law school matriculation via pre-law summer institutes for prospective law students and the provision of annual fellowships.

The academic component of the Institutes is administered by seven (7) law schools located across the country,[1] sponsored jointly by CLEO and regional consortia of ABA-accredited law schools. The Institutes are based upon the premise that significant numbers of economically and educationally disadvantaged students can be identified and prepared to successfully negotiate the law school curriculum. These Institutes mirror the law school experience by providing a six-week intensive study program in legal analysis and law development and emphasize abstract thinking, legal research and legal writing techniques. The Institutes are staffed by regular law faculty whose primary responsibility during the Institute is to evaluate each student's potential for successfully mastering the law school curriculum. Students who successfully demonstrate this potential are provided law school placement assistance and an annual stipend.

The CLEO Summer Institutes have been highly successful. Since CLEO's inception, 3,723 disadvantaged students have participated in the Institutes, 3,417 have entered law school, 1,951 have graduated and over 600 students are presently enrolled in ABA-accredited law schools nationwide. The attached CLEO Participant Data Report provides statistics through 1983 (the latest available data) on the performance of CLEO students.

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[1] The host law schools in 1985 were: California Western School of Law in conjunction with the University of San Diego; the University of Utah in conjunction with Brigham Young University; Southern University; University of Iowa; University of Richmond; Georgetown University; and, Dickinson School of Law.

This data clearly demonstrates that CLEO Fellows have attained an impressive record of achievement by any measure, including performance within the academic arena of law school, bar performance, and most importantly, the employment activities of the program's graduates. The program has produced approximately 1,951 law school graduates involved in a broad spectrum of legal and law-related activities, including lawyers (public interest, private, corporate); judges; state representatives; law professors; executive administrators in various fields; Congressional staff, etc. The net result of the program has been increased access to the legal system and to the decision-making machinery of the country by those who have been disenfranchised for reason of race and/or economic status. Thus, the CLEO model of academic and financial support is one that works!

The continued success of the Summer Institutes, however, has been, to an increasing degree, dependent upon the generosity and largess of the law school community. Despite the previous unlimited authorization through Fiscal Year 1980 and a five million dollar ceiling thereafter, increased to ten million dollars in Fiscal Years 1984 and 1985, the Legal Training for the Disadvantaged Program has annually received only one million dollars in appropriations, except in Fiscal year 1985, when the appropriation was raised to $1.5 million dollars. This appropriation ceiling has limited the number of students which can be accommodated by the program and has placed a greater burden on participating law schools to cover increasing institute, tuition and living costs from their own financial resources.

Initially, the non-federal share represented between 30-40% of the total institute costs. However, over the last several years, the ever-spiralling costs of goods and services coupled with the effects of inflation, have thrust an even greater share of the Institutes' operating costs upon the law school. Given the fixed level of federal support, the law school community now absorbs approximately 60% of institute costs, as a demonstration of their commitment to the program. The law schools, without more federal assistance, cannot continue to maintain the academic institutes, while themselves facing reduced education budgets.

In addition, the law schools are asked to provide tuition scholarships, as well as other forms of financial support in recognition of the economic needs of the students served by the program. At a time when legal education is, itself, in a difficult fiscal situation, it is extremely important to realize that $1,000,000 of annual federal support for this program generates as much as $3,000,000 in cash and services annually from the law schools. And, it is unlikely that these funds will continue to be forthcoming without the catalyst provided by the Legal Training for the Disadvantaged Program through CLEO.

Also, the ABA has for years been a principal contributor to the program in its dual capacity as one of CLEO's sponsoring organizations and administrative conduit for the funding from the federal government. The ABA contributes annually some $40,000 to the program's operation which rose to $62,000 in FY 1982 to address unanticipated financial obligations unmet by any other funding source. Additionally, CLEO has received funding and in-kind support from the Law School Admission Council (LSAC) to cover administrative costs of the program.

The financial component of the program is provided by way of annual fellowships. The provision of the stipend is contingent upon the satisfaction of several conditions: full-time enrollment at an ABA-accredited law school in the fall term immediately following participation in a Summer Institute, and the maintenance of "good standing" status throughout the duration of the grant. For the 1985 fiscal year, almost $1,000,000 will be provided by CLEO to disadvantaged students enrolled in law schools.

With the full cost for a student attending most law schools being over $10,000, the CLEO stipend, which was increased in 1985 from $1,000 to $1,750 and $1,600 for first year students and upper classes respectively, is hardly adequate and is well below the yearly awards available from other graduate programs funded under Title IX.

The stipends, while inadequate, do provide a minimum of support for the needy students which the program services. Yet, even these amounts cannot be sustained in future fiscal years without additional appropriation. Other federally-funded graduate and professional programs, e.g., GPOP, Public Service and Mining Fellowships, have provided stipend assistance of approximately $6,000 per year and some have had institutional support components as well. This disparity in funding levels for students funded through similar federal programs under the same legislation has substantially hampered CLEO's ability to recruit students who would otherwise like to pursue a legal education. It was to correct this disparity in assistance, coupled with the program's impressive record of achievement, which encouraged Congress in 1980 to amend the Legal Training for the Disadvantaged Program legislation to provide new appropriation ceilings under the reauthorized Higher Education Act of 1965, as Amended.

The Program is cost-effective. While many programs have suffered substantial cost increases over the years, CLEO has been a rare exception. In the last eight (8) years, the program has continued to service successfully its disadvantaged student population with one modest increase in cost to the federal government. Judicious cost-saving measures have been implemented over the past several years with an eye toward fiscal austerity, including executive staff salary freezes and significant reduction in program staff; once staffed by eleven employees, the program now operates with a staff of seven. A careful review of the program's budget already reveals a "bare-bones" operation.

The federal government has made a major commitment in the last decade to increasing educational opportunities for the poor and disadvantaged groups within society. This is an important commitment not only in terms of fairness, but also in terms of wise allocation of resources. Compared to many federal support programs, CLEO is impressive because the payoff is concrete, clear and quick. The modest federal support is matched several times by the substantial voluntary contributions of the law school community and is repaid to the government many times over in higher taxes from these individuals and in their service to the society.

Observing the demonstrated success of CLEO participants and the continued support and cooperation of the nation's law schools, we request that you reauthorize the Legal Training for the Disadvantaged Program at the previously authorized levels for the next five years: $5 million for FY 1986; $5 million for FY 1987;

$7.5 million for fiscal years 1988 and 1989 and $10 million for fiscal year 1990. This amount would permit CLEO to immediately make student awards of approximately $6,000, which is in line with the grants being given by other Title IX programs, and would allow in future years for the growth in the number of students serviced, as well as, the kinds of services, e.g., retention, that the program could offer.

Thank you for your time and consideration.

CLEO PARTICIPANT DATA REPORT

March, 1984

1. Number of student participants in CLEO since its inception:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
161	448	212	221	217	233	225	251	220	221	217	224	207	219	217	230	3723

2. Number of students successfully completing the CLEO summer institute program:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
151	444	197	210	213	229	225	244	216	207	213	222	203	211	207	223	3615

3. Number of summer institute graduates entering a law school:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
131	400	191	207	210	218	219	234	205	197	203	214	187	198	189	214	3417

4. Number of students who have graduated from law school:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
82	294	132	136	144	158	163	153	154	127	121	167	120	NA	NA	NA	1951

5. Number of law school graduates who have passed a bar examination:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
68	189	90	63	63	66	87	49	61	36	14	3	NA	NA	NA	NA	789

6. Number of law school graduates who have failed the bar examination:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
7	29	10	4	5	10	6	12	1	0	0	0	NA	NA	NA	NA	84

7. Number of law school graduates who never sat for a bar examination:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
0	4	0	1	0	0	3	0	2	0	0	0	NA	NA	NA	NA	10

NOTE: Bar data information is grossly understated. Information is not generally known by the law schools and can only be ascertained with accuracy if it is known in which of the fifty jurisdictions an individual sat for the bar examination.

8. Number of law school graduates for whom CLEO has no bar data:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
6	71	31	69	80	80	72	92	90	83	110	164	120	NA	NA	NA	1068

9. Number of male students in law school receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	1	2	9	86	67	114	279

10. Number of female students in law school receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	-	-	7	69	88	83	257

11. Total students enrolled in a law school presently receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	1	2	16	155	155	207	536

12. Ethnic breakdown of students presently receiving CLEO stipends - Fall, 1983:

	1978	1979	1980	1981	1982	1983	TOTAL
American Indian				2	1	3	6
American Indian/Black					1		1
Appalachian				1	1		2
Asian American			1	4	5	3	13
Black	1		7	94	87	130	319
Black/Hispanic				1			1
Caucasian				5	5	6	16
Chicano		2	6	35	30	39	112
Cuban				1	1	4	6
Filipino						1	1
East Indian						1	1
Hawaiian					1		1
Hispanic				2	7	5	15
Hispanic/Indian				1			1
Puerto Rican			2	8	14	14	38
Vietnamese					1		1
Unknown				1	1	1	3
TOTAL	1	2	16	155	155	207	536

13. Number of students enrolled in a law school not presently receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	-	1	3	2	9	6	21

14. Total number of students enrolled in a law school:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	1	3	19	157	164	213	557

15. Number of students auditing the CLEO summer institute program:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
0	1	6	2	1	16	23	5	9	11	10	6	20	6	6	15	138

The Associated Natural Science Institutions

Academy of Natural Sciences of Philadelphia
American Museum of Natural History
Museum of Natural History of Los Angeles County
The California Academy of Natural Sciences
The Field Museum of Natural History

499 South Capitol Street, S.W. - Suite 103
Washington, D.C. 20003; (202) 554-7983

TESTIMONY

for

Subcommittee on Education, Arts & The Humanities
United States Senate

Reauthorization of the Higher Education Act - Title IX

Dr. Willard L. Boyd, President
Field Museum of Natural History
Roosevelt Road at Lake Shore Drive
Chicago, Illinois 60605-2496

September 30, 1985

universities in graduate education; they must have high quality academic personnel; and they must have research resources that are otherwise unavailable in the university. Let me use the Field Museum as an example with the understanding that the other museums that are affiliated in The Associated Natural Science Institutions have similar cooperative programs with their neighboring research universities.

The University of Chicago has a Committee on Evolutionary Biology which is a degree granting unity that brings together scholars from a wide variety of the University's academic disciplines. The Committee, however, does not limit its members to the faculty of the university. The staff and research resources of the field museum, the Brookfield Zoo and the Argonne National Laboratory are used extensively and they provide a great deal of flexibility for the program.

What are the contributions of the Field? The Field Museum's scientific staff is a community of internationally recognized scholars in anthropology, botany, geology and zoology. Two-thirds of our 32 curators hold joint appointments in colleges and universities and together they teach an average of five university courses each year. Over the past five years, our curators have served on more than 60 doctoral thesis committees primarily at the university of Chicago. Over the same period, 53 students have worked in residence at the Field for periods ranging from several months to several years. As I said earlier, the other members of our consortium can cite similar data.

It is logical and understandable for policy-makers who are unaware of the contributions of our institutions to the education of future scholars, to restrict fellowship awards to colleges and universities. However, our museums, many great art museums and certain prestigious independent research institutes and libraries play important roles in the graduate education of many future academicians and they, along with the universities, deserve access to fellowships. We will gladly work with the Subcommittee to establish criteria that will allow only highly qualified institutions to compete for fellowships.

Let me conclude by saying that we agree with the universities that the distribution of awards should be based principally on merit. Our institutions are not proposing that awards be set aside for their use. We think, however, that we should be permitted to compete on an even basis with other eligible institutions.

I thank the Chairman and the Subcommittee members for this opportunity to testify.

NOC: 9/20/85

Mr. Chairman, members of the Subcommittee, I am Willard Boyd, President of the Field Museum of Natural History in Chicago. The Field is the third largest natural history museum in the United States, and some of our biological collections rank first in their size and in their use by biologists from this country and from the international community. In addition to the Field, I am privileged to represent a consortium of five natural history museums that are distinguished by the amount and quality of basic research that is conducted in their laboratories.

The members of the consortium are, in addition the Field Museum: the Academy of Natural Sciences of Philadelphia, the American Museum of Natural History in New York, the Museum of Natural History of Los Angeles County and The California Academy of Natural Sciences in San Francisco.

Our purpose in providing testimony is to propose that certain non-degree granting institutions such as our research museums become eligible for awards of federally supported fellowships.

It is commonplace in higher education today that many graduate students in U.S. universities must leave their institutions to seek elsewhere the scholarly resources that will enable them to prepare their dissertations. The legislation that we propose is intended to support students who prepare dissertations using the resources of natural history museums and other non-degree granting institutions such as art museums, independent research institutes and independent research libraries such as the New York Public Library.

Current law does not prevent universities from sending fellowship students to the Field Museum and elsewhere for their dissertation research. In fact, such awards are not unheard of. However, they rarely happen simply because universities normally seek graduate students who can utilize the university's own resources, not the resources of other institutions. They, understandably, want to build on their own strengths, not on the strengths of others.

The consequences for the biological sciences is serious indeed. Increasingly, the biological disciplines that deal with the whole animal or the whole plant are becoming localized in museums and botanical gardens. Universities, for their part, are directing their attention and resources increasingly to the staffing and funding of molecular biology and biotechnology. Student support in the traditional biological disciplines is available in very small amounts and most of what is available comes from our own institutions.

The critical component of our proposal is that, in order to be eligible for fellowship awards, non-degree granting institutions must have a substantial history of cooperation with

USSA

The Merger of the National Student Lobby and the U.S. National Student Association

TESTIMONY OF DIANA FAIFERLICK

Before the Subcommittee on Education, Arts and Humanities
United States Senate

September 19, 1985

REGARDING THE TRIO PROGRAMS

United States Student Association (USSA)
1012 14th Street, N.W., Suite 403, Washington, D.C. 20005
(202)775-8943

I appreciate this opportunity to submit my testimony regarding the TRIO programs. As a current participant I am very proud to be representing these essential programs which benefits over 500,000 students. Although this number might seem large, less than ten percent of eligible students are actually served.

I am the youngest of five children. Only my sister and I were able to take advantage of the TRIO programs as they were not offered to my three oldest brothers while in school.

I learned of the Upward Bound program in Spring of 1982. I completed the necessary forms and, subsequently, my sister and I were accepted into the program. At ages 16 and 15, respectively, my sister and I became Upward Bounders.

Many of my friends experienced long, lazy summers but not me. During summer session I, as a high school sophomore,attended classes in math and science and, in addition, received college credit for Freshman English Composition from Iowa State University.

During my two remaining high school years, I along with other Upward Bounders, returned to the Iowa State University campus where the Upward Bound tutorials were held. The same teachers from summer were there, answering student questions.

These tutorials proved extremely helpful. I had considerable difficulties in two science courses--chemistry and physics. I successfully completed these two courses and, in so doing, broadened my academic interests for my expectant role as a college student.

In addition to receiving academic assistance, I received guidance in choosing a career, applying for financial aid and picking high school classes which would benefit me in college.

TRIO offered me a taste of college, giving me a more realistic view. Unlike some views, college is not a party but, rather,a discipline to an attainable goal.

I am a sophomore at Iowa State University and am presently interning as a lobbyist for TRIO. I am not bashful to tell anyone all that TRIO offers to disadvantaged students. I thank all those who have supported TRIO. We supporters desire to see TRIO's successes grow and, thereby, increasing the percentage of eligible students served.

Again, thank you for allowing me to submit this testimony. As a TRIO participant, I trust you will give this proper consideration. Thank you.

JOINT NATIONAL COMMITTEE
FOR LANGUAGES

TESTIMONY SUBMITTED TO THE SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

UNITED STATES SENATE

September 19, 1985

Submitted by:

Richard Brod

Director, Foreign Language
Programs/Modern Language
Association

Secretary-Treasurer, Joint
National Committee for
Languages

For Further Information Contact:

J. David Edwards, Executive Director
Telephone: (202) 783-2211

20 F Street, NW, 4th Floor, Washington, D.C. 20001

The Joint National Committee for Languages (JNCL) is an organization that represents thirty associations concerned with language and international education. JNCL represents the interests of educators in the less commonly taught languages such as Chinese, Japanese, Arabic and Russian as well as the traditional languages like Latin, Spanish, French and German. Also included are a number of associations concerned with the relationship of languages to technology, such as the International Association for Learning Laboratories, the National Association for Self-Instructional Language Programs and the Computer Assisted Language Learning and Instruction Consortium. Finally, members such as the Center for Applied Linguistics, the Modern Language Association, the National Council on Foreign Languages and International Studies and others are concerned with broad issues of education and research.

On behalf of its membership, JNCL recognizes and supports the invaluable contribution to the national interest made by Title VI of the Higher Education Act and urges its reauthorization at current (FY1985) funding levels or higher. In creating and supporting Title VI the Congress has regularly affirmed its recognition of the importance of foreign languages and international education to our national security, international trade and educational excellence. While noting the contributions made by Title VI, JNCL wishes to suggest a few changes or modifications in the program. These suggestions are based on the attached JNCL/CLOIS Policy Statement and Policy Recommendations approved by the thirty-one associations in the JNCL and the Council for Languages and Other International Studies.

The concerns of the profession as delineated in these policy statements fall into five broad categories: 1) enrollments, 2) established programs, 3) teacher training, 4) service to other professions, and 5) research. All of these areas are concerns of Title VI as the primary legislative mechanism for meeting the nation's needs in languages and international education. However, while Title VI provides the essential leadership and incentive to address these issues, no one believes that it is adequate in itself to address any of them fully.

Last year, the Modern Language Association released data indicating that foreign language enrollments in higher education have increased by 4.5 percent since 1980 to a total of 966,013 students studying languages. These figures reflect a considerable improvement over the findings of the 1979 President's Commission on Foreign Languages and International Studies whose report was issued at a low point in the history of the field. In the last three years, French, Spanish and German have experienced increases of 8.8, 1.8 and 1.0 percent respectively. Japanese, Russian and Chinese have seen major increases of 40.2, 26.7, and 15.9 percent respectively. When we examine the reality of the numbers, however, particularly in the critical languages, total enrollments in Japanese are only 16,127, in Russian 30,386, and in Chinese 13,178. Out of a total college and university enrollment of nearly twelve and one-half million, these enrollments are still exceptionally small. Additionally, the problem of study beyond the second year remains as serious as ever.

We can anticipate that enrollments will continue this gradual increase as institutions of higher education reinstitute entrance and exit requirements and as states such as New York, Florida, Texas, and others begin to provide incentives for foreign language study. We cannot, however, anticipate with any certainty whether these increases will be adequate for our national needs in terms of duration, quality, and level of study.

We recognize that Title VI has neither the scope nor the funds to deal with the broad issue of enrollments. This is probably an area that requires new legislation on the order of the Foreign Language Assistance for National Security Act (H.R. 3048). Nevertheless, Title VI as the primary agent in this area should be concerned with encouraging the best programs and with addressing the matter of quality and level of study. Grants for information about, support for, and dissemination of information regarding these programs could be a responsibility of Title VI. At the very least, a mechanism for identifying and providing information about exceptional foreign language and international studies programs should be considered.

Secondly, established programs with good track records need continued support. This may be particularly the case for advanced, intensive programs in the critical languages because they are much more expensive and require longer periods of study than traditional languages. While we would not slight the latter, it may be that Title VI, with its limited resources, must focus on advancing training in the critical languages within the national resource centers.

Third, at the heart of the issue of national responsibility for increased and improved language study is the matter of teacher training. Even before the current upswing in language enrollments, there were local shortages of language teachers in a number of states and insufficient numbers of teachers in a variety of languages, including the critical languages and Latin. Now, with increased enrollments and states such as New York, Louisiana, and Maryland adopting new language requirements at the elementary and secondary levels, we face severe teacher shortages. The state of Virginia, for example, now has more students taking language classes than at any time since World War II. The Atlanta system has had to go to Germany to recruit teachers. Baltimore's public schools have experienced a doubling of their foreign language enrollments. One estimate in Louisiana is that, with their new requirements, they will need 365 teachers this year for foreign language classes in the fourth grade alone.

The problem is not just a matter of numbers. It is also a matter of quality. School systems such as Baltimore, Denver, Los Angeles, and New York City are already relying on substitutes and inadequately trained teachers. At the very time that we must be careful to "turn on" students to language, we may well be "turning them off" with inadequately trained teachers. The encouragement of language study in elementary and secondary schools, as well as in postsecondary institutions, is a vital concern of any attempt to address our nation's language and international education needs. In addition to the obvious acquisition of cultural and linguistic knowledge, one good reason to study language early is that it is easier then. Also, those who learn languages early are most likely to continue with the language and have an easier time learning others. Third, although subject to interpretation, there are studies showing good correlation between second-language study and skills in reading and comprehension in the native language. Finally, real language competence, such as is required (or should be required) in diplomacy and intelligence gathering, requires years of study and should be started early. In fact, the more difficult the language, the earlier it should be started.

Every bit as important as training new quality language teachers, is maintaining and upgrading the skills of those we already have. Foreign language teachers have always had a vital need for periodic retraining in both skills and methods, but as the profession moves to develop communicative competence and proficiency-based standards, increased in-service training will be even more essential. Ideally, such re-training in skills should be done through a program of study abroad, but for most teachers week-end or week-long immersion workshops or summer institutes will be an acceptable alternative. Methodologically, as the needs for communicative skills, scientific and business terminology, and other practical applications have increased, teachers have felt increased pressure to keep up with new methods and new technologies while developing creative and innovative approaches to teaching diverse student populations.

The issue of teacher training is simply too large for Title VI to address by itself and should probably be dealt with in the reauthorization of Title V of the Higher Education Act. However, it is a pressing and relevant issue, and Title VI should play a role in combination with the few provisions in the Education for Economic Security Act dealing with "critical" foreign languages and an upgraded Title V. If, as seems likely, these other programs seek to address teacher shortages, then Title VI must assume a responsibility for in-service training through summer seminars, language institutes or study abroad. Since the costs of study abroad would quickly exhaust Title VI's limited resources, intensive institutes may prove a workable domestic alternative.

A fourth area of importance to JNCL concerns language study in its broader national context. Foreign language acquisition is a serious and legitimate national defense issue. It is also important to our trade and international economic policies. The Defense Language Institute and the Foreign Service Institute do excellent work in preparing their respective constituencies. However, they require a base upon which to build, and they cannot do it all. Our colleges and universities must provide the base and address the nation's needs for advanced training. To this end, the existing national resource centers are providing a vital service.

Business needs, however, are not being addressed nearly so well. In an era of economic interdependence, the data are compelling--35,000 U.S. businessmen are working abroad, 6,000 U.S. companies have overseas offices, and 20,000 firms are engaged in exporting. While a great deal more study needs to be done on the language needs of international business, the few studies we have now indicate a serious shortage of individuals with language skills. This is not to say that businesses should hire individuals for their language skills or international knowledge. Businesses and other professionals with international interests, however, continue to look for language knowledge and global awareness as major ancillary skills. Currently, Part B of Title VI provides a good but limited response to this problem. To supplement it, Title VI should find ways to address the short-term needs of business executives and professionals working abroad through the use of specialized language institutes.

The language profession's current emphasis on the development of communicative competence and proficiency-based tests and standards should be encouraged. These are areas that specifically address some of our national concerns for excellence in education, the needs of business, and the broader national interest. Both areas need further research and elaboration that will require financial support. This is particularly true with regard to the less commonly taught languages where the need may be greatest. As states such as Texas and New York create statutory standards based on proficiency requirements, it is essential that the profession have the necessary research to delineate what is and is not possible.

Finally, technology can never replace quality teaching, but it can certainly facilitate it. There is much that satellites, computers, film, video cassettes and other equipment can do to improve language acquisition and global awareness. Moreover, the next few years will see attempts to use technology to ease the problems posed by the foreign language teacher shortage. Proper use of new technology, however, will require a thorough understanding of its limitations as well as its optimal applications. Again, because Title VI is the primary mechanism in the area of international education, its research provisions should be expanded further to address the issue of technology.

The Joint National Committee for Languages is not suggesting that Title VI be all things to all people. Its scope and resources are much too limited for that. Two years ago, in testimony before the U.S. Senate Subcommittee on Education, Arts and Humanities, we testified in defense of funding for Title VI by concluding that it serves as a "positive attempt to strengthen the linkage between language and international studies and the nation's security and economic well-being." The basic statute is quite sound and we would support it even if no changes were made at all.

JNCL would recommend, however, a few changes in Title VI which, when combined with changes in Titles II and V of the Higher Education Act, the language provisions in the Education for Economic Security Act, and new legislation concerning elementary and secondary school programs, will address our nation's foreign language needs. First, the current $80 million authorization for Part A and $7.5 million for Part B is adequate, since the FY 1985 appropriation was only $26.55 million for both. We would hope that the appropriation would be raised to at least fifty percent of the authorization, although the changes necessary to upgrade the foreign language provisions could be accomplished for a good deal less.

Second, the national resource centers are doing a most adequate job with very limited resources. Our only suggestion requires no legislative change but is a matter of intent. We would urge that language study be better integrated and more closely tied to area studies.

Third, Parts A(3) and (4) of Section 604 dealing with foreign language teacher study abroad and expansion of foreign language courses are vital concerns of our profession. However, within the limited resources and scope of Title VI, assistance in these areas must be selective. Nonetheless, the best programs and teachers need identification and support, including the best elementary and secondary programs and teachers. This is a major responsibility of Title VI that needs greater attention.

Fourth, another major responsibility of Title VI is research. We have noted that the research needs in the areas of communicative competence, proficiency standards, and technology are important and immediate. They are of great importance to the profession and the nation and should be specifically addressed in Section 605 of Title VI.

Finally, JNCL would recommend a new provision in Title VI, either in addition to Section 603 or as a replacement for it. An idea that has been raised before in a variety of contexts is the need to create a network of intensive language institutes to study foreign languages and to serve as language resource centers. These ten or so institutes could be regional in location and geographically oriented in focus. They would serve, at least, four functions: 1) to provide instruction in both the commonly and less commonly taught languages of a geographic area at the graduate level in intensive fashion; 2) to provide in-service training and re-training for foreign language teachers through workshops, summer institutes, and other programs; 3) to provide intensive short-term courses for businesspersons and other professionals; and 4) to provide and coordinate information and research on the languages of a specific region.

In conclusion, the Joint National Committee for Languages wholeheartedly supports reauthorization of Title VI and recognizes that it has been a program of exceptional worth to our profession and to the nation. Our suggestions for strengthening the foreign language provisions in this statute are made with the recognition that Title VI has made a significant contribution to international education in the past and will continue to make such contributions in the future.

Language Competence and Cultural Awareness in the United States: a statement of the position of the Joint National Committee for Languages and the Council for Language and Other International Studies

The United States is a nation to whose shores have come peoples from every continent, and history records their priceless contributions. From the beginning the quality of life has been ennobled and enriched by them, and city and village streets have resounded with the music of many languages. It is a rich heritage, one to be nurtured, encouraged, cherished.

We hold that all persons in our culturally rich and linguistically diverse nation should be provided the opportunity and be encouraged to become proficient in more than one language to a degree of mastery consonant with their need and aspiration. The learning of other languages adds new linguistic competence and cultural sensitivity to already valuable linguistic backgrounds. One language is never intended to supplant another. We hold, therefore, that all persons, whatever their linguistic and cultural background, should be encouraged to preserve that proud birthright and be given the opportunity to continue to grow in the understanding and use of it.

Those who are not proficient in English should be provided the opportunity and encouragement to become so, since English is the key to gaining an accurate, broad perspective on American life, to obtaining equality of educational, economic, social and political opportunity, and thereby to participating fully and freely in society. In the same way, those who are proficient only in English should have the opportunity and should be encouraged to achieve proficiency in other languages and to know and appreciate the history and culture of other peoples. It is through the knowledge of languages and cultures that we best begin to know and comprehend the scope and significance of human experience in history, from ancient times to modern; it is through the knowledge of languages and cultures that we best learn to tolerate and appreciate cultural and linguistic diversity at home, to understand our contemporaries abroad, and so achieve our full potential as citizens of the world.

The educational establishment, despite all its diversity and resources, cannot alone assume the responsibility for providing the means for language study and encouraging learners to achieve mastery; government, at all levels, business, industry, cultural and other public and private institutions must support this effort as well.

The consequences of these principles of opportunity and encouragement are significant for both the individual and the nation. The individual will enjoy a wider and richer range of personal experience and, at the same time, benefit from an expanded scope of employment and professional opportunities. The nation also will benefit. During its relatively short history, the United States has assumed an important international role, influencing in many ways the political, social, and economic structures of life in other countries and, in turn, being influenced by those with whom it interacts. These relationships will continue, will become more numerous, and will change in character out of both choice and necessity. We believe, therefore, that language competence and cultural awareness are essential to the responsible and sensitive fulfillment of this international role.

JNCL/CLOIS Policy Recommendations

Consonant with the statement of their position on Language Competance and Cultural Awareness in the United States, the Joint National Committee for Languages and the Council for Languages and Other International Studies support the following recommendations to achieve the goal of language competance and cultural awareness for all Americans:

THAT every American student should have access to language education in order to achieve an understanding and appreciation of other cultures and an awareness of the value of language study for personal and career goals as well as for the national interest.

It is essential to the national interest that the opportunity to study languages, especially those less commonly taught, be expanded dramatically. It is also essential that all students understand the contribution of humanistic studies toward their personal growth and lifelong pursuit of learning. Language study should, therefore, begin at the earliest time possible and continue as long as *necessary*. Expansion of immersion programs, international high schools, magnet language schools, intensive language programs, summer study abroad, international exchanges, national and regional language centers, and bilingual education is necessary.

Quality and excellence of language learning should be judged by the level of proficiency attained in speaking, listening, reading and writing on the ACTFL/ETS scale rather than on credit hours, Carnegie units, or number of semesters. There should be prescribed proficiency levels for high school graduation, college and university entrance and graduation, graduate and professional standards, and job entry and job promotion.

THAT quality language and bilingual education specialists, particularly teachers of the less commonly taught languages, be identified, encouraged, trained, and rewarded accordingly.

The shortage of teachers constitutes a serious threat to our nation. Opportunities and incentives — professional, personal, and financial — for attaining, maintaining, and improving the quality of teaching skills and knowledge through professional development, study abroad, international exchanges, and summer institutes must be significantly increased.

THAT research on second languages, *especially the less commonly taught languages*, and their study must be expanded.

There is a need to quantify business and public sector needs and applications of languages; to review and refine model programs, interdisciplinary curricula, and the use of technology; and to use the findings on first and second language acquisition studies on attitudes in order to improve the quality of instruction and the curricula in language programs *and to address our national needs in diplimacy, trade, and defense.*

THAT programs in the study of English in the United States and abroad should be strengthened.

English is the world's most commonly taught second language, and its study should be fostered and improved here and abroad through exchange programs, *English to speakers of other language programs, and bilingual education*. The learner's language of origin and cultural heritage should also be recognized for their personal as well as national value.

THAT translation and interpretation services should be improved, expanded, and better rewarded.

Diplomacy, defense, business, tourism, and public sector areas such as courts and social agencies rely heavily on translation and interpretation services. The importance of translators and interpreters must be recognized and afforded professional status. Furthermore, linkages between language educators and professional translators and interpreters should be developed. Schools, businesses, and government agencies should cooperate in the creation of a national clearinghouse to provide translation and interpretation information, materials, and resources.

THAT federal, state, and local governments; the private and business sectors; and foundations should provide adequate funding and support for second language study.

The importance of languages to the national interest necessitates leadership by the Federal government to increase funding for language and international education programs. Every state should appoint a language supervisor. Local educational agencies should establish international high schools, magnet language schools, and immersion programs. Business and private foundations should increase grants available for basic and applied research in the areas necessary to *address their needs for* language instruction and cross cultural communication.

Senator **Pell**. This concludes the hearing this afternoon. Until the call of the chairman, we are adjourned.

[Whereupon, at 4:47 p.m., the subcommittee was adjourned subject to the call of the Chair.]

REAUTHORIZATION OF THE HIGHER EDUCATION ACT, 1985

MONDAY, SEPTEMBER 23, 1985

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Chicago, IL.

The subcommittee met, pursuant to notice, at 9 a.m. in the Ceremonial Courtroom, Dirksen Federal Building, Senator Paul Simon presiding.

Present: Senator Simon.

OPENING STATEMENT OF SENATOR SIMON

Senator SIMON. Good morning.

I am pleased to welcome this morning distinguished leaders in Illinois' higher education community. This hearing is one of several being held around the country by members of the Subcommittee on Education, Arts and Humanities to gather information and recommendations to assist us in formulating legislation to reauthorize the Higher Education Act.

Our principal focus this morning will be on the title IV, the Federal Student Assistance Programs.

I have also asked witnesses to address several other important areas, including title III, institutional aid; title VI, international education; title VII, facilities and construction; and title IX, graduate education.

Other witnesses have been invited to submit written testimony on other titles of the act.

Title IV of the Higher Education Act authorizes the five major Federal student assistance programs, including the two largest, which are Pell grants and guaranteed student loans.

Although these programs were created to provide the students with "access" to higher education and some measure of "choice" as to the type of institution they attend, during each reauthorization the Congress must address the question of how the $8.6 billion which Congress currently appropriates will be allocated among public and private institutions.

Last year, when I attempted to initiate the reauthorization process, representatives of the public, private and proprietary sectors could not agree on a formula to allocate funds in the Pell Grant Program. Unfortunately, that situation has not changed today.

As Congress moves forward with reauthorization of the Higher Education Act, it is absolutely essential that some consensus be achieved. Without that consensus, it will be difficult to enact a bill that could withstand a likely Presidential veto.

As Chairman Stafford has reminded each of the witnesses during our Washington hearings since the subcommittee's hearings began, there is a great deal that we would all like to do to improve educational opportunity and the quality of higher education, but Federal funds are limited, and we must take this into consideration in fashioning this reauthorization of the Higher Education Act.

I am now pleased to welcome our first panel, consisting of Dr. W. Richard Stephens, president of Greenville Colleges; Dr. Salvatore G. Rotella, chancellor of the City Colleges of Chicago; Mr. Richard W. Pickett, president of Robert Morris College.

We will begin with your presentation, Mr. Pickett. Since we have a time constraint problem, if you can summarize your remarks about 5 minutes, it would be very helpful.

We will enter your full statements into the record.

STATEMENTS OF RICHARD W. PICKETT, PRESIDENT, ROBERT MORRIS COLLEGE; DR. W. RICHARD STEPHENS, PRESIDENT, GREENVILLE COLLEGE; AND DR. SALVATORE G. ROTELLA, CHANCELLOR, CITY COLLEGES OF CHICAGO

Mr. PICKETT. Senator Simon and Mr. Blakey, I appreciate this opportunity to testify before the subcommittee today regarding specific issues involved in reauthorization of the Higher Education Act.

I am Richard D. Pickett, president of Robert Morris College, in Carthage and in Chicago, IL. In addition to representing my institution, I will reflect the views of the Association of Independent Colleges and Schools, AICS, of which Robert Morris College is a member. I currently serve on the AICS public relations committee and am a candidate for chairman of the board of directors of the association, a description of the membership and student characteristics of which is attached to my testimony.

Robert Morris College currently operates in two locations. It has a fully residential campus in Carthage, IL, which is some 275 miles southwest of Chicago, and an urban campus here in Chicago.

The Carthage campus has a student population of approximately 600, while there are more than 1,600 in attendance at the college in Chicago.

The Moser Center, which is the evening division of Robert Morris College, enrolls nearly 300 students in full-time programs and serves an adult market with a median age of 27 years. This group in particular would be heavily impacted if the automatic eligibility for students from families with adjusted gross incomes of less than $30,000 is changed, as this group of independent students would be denied access to guaranteed student loans.

More than half of the Moser Center students are single parents, working full time, with annual incomes averaging $9,000 to $10,000.

The Chicago institution has a minority population of approximately 40 percent and a female population of 90 percent. Carthage, on the other hand, has a minority population of 13 percent and a female population of approximately 90 percent.

Upon completion of our diploma program, a student may elect to earn an associate degree, and approximately 30 percent of the Chicago students and 25 percent of the Carthage students extend their programs and earn an associate degree.

Nearly 90 percent of the students at Robert Morris College receive some financial aid, which could include Pell grants, an Illinois Monetary Award, a supplemental educational opportunity grant, a GSL or an NDSL loan. In addition, the college itself makes a number of grants available to deserving students and a number of students will participate in workstudy programs.

We are quite pleased with Robert Morris College's high retention rate and its successful placement program.

You have requested that I describe the position of AICS on the reauthorization of the Higher Education Act, comment on the HEA title III application process and present my views on the issue of satisfactory progress.

Appended to my testimony is a copy of the position paper developed by the Association of Independent Colleges and Schools regarding the HEA reauthorization, so I will not review each of the items discussed in that paper.

Instead, I will highlight those which are important to Robert Morris College and its students.

Inasmuch as this subcommittee and the Congress must deal with both reauthorization and the statutory changes required by reconciliation in order to produce budgetary savings, I will try to address my remarks to both congressional actions.

Your bill, Senator Simon, in the 98th Congress went a long way to addressing the increasing gap between the amount of Federal and State aid available and the costs of providing education by the institution, costs which ultimately must be paid by the student.

The increased Pell grant and GSL maximums recommended recognized that the Federal and State aid provided during the past 10 years has not kept up with inflation or the cost of education.

The current guaranteed student loan maximum was set in 1972 when the program was established. Obviously the $2,500 maximum has not stayed current with either the Consumer Price Index or the increases in the costs of education since 1972.

The result is an increasing gap, as I have noted, between the cost of education the students pay and the financial support from State and Federal received to fund a postsecondary education.

Increasing the maximum to $3,000 would be a small first step to provide greater access to postsecondary education for many students. Increasingly, a student is dependent on a loan for providing a large part of the cost of attendance, because grants and workstudy funds have also not kept pace with the CPI. An increased GSL maximum is particularly important for students attending private institutions, where, of necessity, tuitions and fees are higher than at publicly supported institutions.

You have asked us to comment on access for all eligible students through nondiscrimination and lender of last resort requirements. The imposition by statute or by program policy of additional barriers to the universal access of the GSL will greatly handicap those very students who need the aid most. Therefore, we recommend that the Higher Education Act include a nondiscrimination clause, which would prevent any lender or guarantor which participates in the program from discriminating against students based upon the type of program in which they are enrolled, the length of the program, and the attendance at a particular institution.

Moreover, all State loan agencies participating in the GSL program and receiving Federal reinsurance should provide or ensure the availability of a lender of last resort.

Imposing stricted due diligence requirements on both lenders and guarantors, as is being proposed in the recent GSL NPRM, and decreasing the special allowance paid to lenders, inevitably will restrict access to loans to the least creditworthy, generally the low-income and/or vocational school student. Changes to the law as a result of reconciliation and reauthorization should be particularly sensitive to the market forces which drive the GSL program.

Current law allows students from families with less than a $30,000 AGI to be eligible for the GSL in-school interest subsidy and special allowance subsidy. This provision should be maintained, because otherwise a large number of independent students would be denied access to GSL's.

In spite of the fact that independent students making $10,000 to $25,000 a year are presumed to have sufficient funds to pay for their postsecondary education, realistic cost estimates for financially supporting a family leave little money to pay for that education.

We support the multiple disbursement of loans to students. However, multiple disbursement should be mandated only for loans of greater than 600 clock hours, one semester or two quarters.

The programs of less than this length are so short that it is administratively cumbersome to require several disbursements.

Multiple disbursement, we believe, will save the Government funds that otherwise would be lost because the student dropped out of school.

Let me say that we applaud the efforts of the Department of Education to collect defaulted loans. Congress should provide that repayment of GSL's will be graduated according to the number of years a student has been out of school. Often students are unable to pay a GSL during the early years, while at a later date they have a much higher income and a greater ability to pay. If such a provision is adopted, it should be as administratively simple as possible in order to not discourage lenders from participating in the GSL program.

We recommend that a master calendar be adopted for the delivery of student financial assistance and that certain parts of the need analysis be included in the statute so that the Department of Education's discretion would be limited.

As you know, the department has used the family contribution schedule as a rationing device to limit the costs of the Pell Grant Program. These schedules bear little semblance to reality, and, as such, often postpone finalization of a student's aid package until the school year begins.

It is our position that the Pell grant maximum should be increased to cover more of the students' costs.

The grant maximum has not changed significantly in the past decade. Thus, students and parents must pay an increasingly higher percentage of postsecondary costs. We therefore recommend that the maximum be increased to $3,000 per academic year in order to recognize the increased cost price index and costs of education during the past years.

We have been asked to comment on title III. Robert Morris College has applied three times for HEA title III institutional grants. However, it has never been successful in its application. So it is very difficult to make specific recommendations on how to improve the grant review process, because it is difficult to understand all of the considerations which go into the selection.

Moreover, the reviewers who read and grade the applications change from year to year. Therefore, their comments on the submissions are quite different from previous years, even though the actual application and objective of the proposal may be similar to previous years.

In spite of our nonsuccess in obtaining a title III grant, we have invested some of our limited dollars into improving the management information system, which bridges the distance between the two campuses, and we have begun an endowment internally. The kickoff for our first annual fund drive is next month.

It would appear that the primary problem with title III is that there are insufficient funds to go around, and that title III aid goes primarily to a narrow group of schools. In particular, the set-aside for junior and community colleges and for black colleges limits the degree to which an institution can compete for title III funds.

I firmly believe that you cannot legislate satisfactory progress, any more than you can legislate morality. Establishing in statute a specific grade point average for graduation or for achievement at a specific point of a student's academic program will only lead to grade inflation or restructuring programs to meet the statutory provisions.

The current satisfactory progress standards established by the Department of Education in regulations and by the AICS Accrediting Commission are sufficient to ensure that students using Federal funds are progressing satisfactorily in their academic programs.

If they do not perform while they are enrolled in a college, they will not have adequate skills in the job market. If the skills are inadequate, businesses will not hire the students.

At Robert Morris College, 24 major Chicago companies belong to our Gold Key Club. That is, they make annual contributions for the opportunity to recruit and to hire our graduates.

We have another program that we think could be replicated throughout the country, a program entitled College Bound.

College Bound is an 8-week, tuition-free program, except for books, given to any student who, based on tests and review of high school transcripts, may not have the skills to complete the rigorous Robert Morris College Program.

Last year, more than 300 students attended the College Bound Program. Eighty percent of these students successfully completed the College Bound Program and were then enrolled in one of the full-time RMC programs.

The success rate of this group reflects the graduation rate of 93 percent.

Our College Bound Program is but one example of our concern for the students. Another example is our commitment to placement.

The placement department of Robert Morris College is staffed by 12 full-time people, and, in addition, program directors and instructors are heavily involved in the placement process.

The Higher Education Act programs are critical to the continued ability of students to receive adequate postsecondary training. However, the budget deficit has taken a toll on these programs, and they have not kept up with the costs of educating the students.

We hope that you will provide the necessary support during the reauthorization and reconciliation processes to protect those programs. Moreover, it is essential that changes made during the budget reconciliation process are not haphazard and result in unintended difficulties for the title IV programs.

I would be pleased to answer any questions or provide any additional information which you may require.

Thank you.

[The prepared statement of Mr. Pickett and the position paper of the Association of Independent Colleges and Schools follow:]

TESTIMONY BY

MR. RICHARD D. PICKETT
PRESIDENT, ROBERT MORRIS COLLEGE
CARTHAGE/CHICAGO, ILLINOIS

FOR

ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS
-AICS-

BEFORE THE

SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES
COMMITTEE ON LABOR AND HUMAN RESOURCES
U.S. SENATE

REGARDING

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

CHICAGO, IL
SEPTEMBER 23, 1985

Senator Simon and Members of the Subcommittee. I appreciate the opportunity to testify before the Subcommittee today regarding specific issues involved in reauthorization of the Higher Education Act (HEA). I am Richard D. Pickett, President of Robert Morris College, Carthage/Chicago, Illinois. In addition to representing my institution, I will reflect the views of the Association of Independent Colleges and Schools (AICS), of which Robert Morris College is a member. I currently serve on the AICS Public Relations Committee and am a candidate for Chairman of the Board of Directors of the Association. A description of the membership and student characteristics of AICS is attached to my testimony.

Robert Morris College (RMC) was founded in 1913 as The Moser School. RMC is a nonprofit 501-3C institution directed by a totally public Board of Trustees representing both communities (i.e. Chicago and Carthage). The College currently operates in two locations: a fully residential campus in Carthage, Illinois, a small community 275 miles southwest of Chicago, and an urban campus here in Chicago at 180 North LaSalle Street. The Carthage campus has a student population of approximately 600 while more than 1600 students are in attendance in Chicago. The Moser Center which is the evening division of Robert Morris College enrolls nearly 300 students in full-time programs and serves an adult market with a median age of 27 years. This group in particular would be heavily impacted if the automatic eligibility for students from families with adjusted gross incomes (AGI) of less than $30,000 is changed, as this group of independent students would be denied access to GSL. More than half of the Moser Center students are single parents working full time with annual incomes averaging $9-10,000.

The Chicago institution has a minority population of approximately 40% and a female population of 90%. Carthage, on the other hand, has a minority population of 13% and a female population of approximately 95%. Students are enrolled in Chicago in secretarial, accounting and business administration programs with a wide range of majors. Similar programs are offered in Carthage in addition to programs in medical and dental assisting. Upon completion of the diploma program, a student may elect to earn an Associate Degree. Approximately 30% of the Chicago students and 25% of the Carthage students extend their programs and earn an Associate Degree. Nearly 90% of the students at RMC receive some financial aid which could include Pell Grants, an Illinois Monetary Award, a Supplemental Educational Opportunity Grant, a GSL or an NDSL loan. In addition, the College itself makes a number of grants available to deserving students, and a number of students participate in work-study programs.

Robert Morris College has an annual gross revenue of approximately $14 million. While the College operates in the black, less than three percent of revenue is available for capital improvements in equipment and facilities and to provide long-term endowment to ensure that the institution has the capability to train students in the years ahead.

Robert Morris College is pleased with its high retention rate and its successful placement program. Of the students enrolled at RMC, 93% graduate. Of those that graduate, 88% are placed in positions for which they have been trained, 5% continue their education and 7% are not available for placement due to personal reasons. Of the 88% which are placed in positions, Robert Morris College, through its Placement Department, consistently places 98-100%.

You have requested that I describe the position of AICS on the reauthorization of the Higher Education Act, comment on the HEA Title III application process, and present my views on the issue of satisfactory progress.

AICS POSITION

Appended to my testimony is a copy of the position paper developed by the Association of Independent Colleges and Schools ~~and Schools~~ regarding the HEA reauthorization. I will not review each of the items discussed in that paper, but instead will highlight those which are important to Robert Morris College and its students. Given that this Subcommittee and the Congress must deal with both reauthorization and the statutory changes required by reconciliation in order to produce budgetary savings, I will try to address my remarks to both congressional actions.

The overriding issue which must be considered by the Congress in its actions on the Higher Education Act is the increasing gap between the amount of federal and state aid available and the costs of providing education by the institution, costs which ultimately must be paid by the student. Senator Simon, your bill in the 98th Congress went a long way to addressing that problem. The increased Pell Grant and GSL maximums recommended recognized that the federal and state aid provided during the past ten years has not kept up with inflation or the cost of education.

Federal student assistance is an investment in the future of students and an investment in the future of the country. Similar to the GI Bill, the society and the federal government will be paid back multifold for the small investment made at a critical point in a young person's life. Not only will these graduates pay increased taxes because they will earn higher salaries due to their education, they will be much less likely to be unemployed and on welfare. Affirming the role of the federal government in providing student financial assistance is a necessary way to ensure that our society is well-trained and productive.

INCREASE THE LOAN MAXIMUM TO AT LEAST $3,000 PER YEAR

The current Guaranteed Student Loan (GSL) maximum was set in 1972 when the program was established. Obviously, the $2,500 maximum has not stayed current with either the Consumer Price Index (CPI) or the increases in the costs of education since 1972. As I noted, the result is an increasing gap between the cost of education a student must pay and the financial support from state and federal received to fund a postsecondary education.

Increasing the maximum to $3,000 would be a small first step to provide greater access to postsecondary education for many students. Increasingly, a student is dependent on a loan for providing a large part of the cost of attendance because grants and work-study funds have also not kept pace with the CPI. An increased GSL maximum is particularly important for students attending private institutions where, of necessity, tuitions and fees are higher than at publically-supported institutions.

ASSURE ACCESS FOR ALL ELIGIBLE STUDENTS THROUGH NONDISCRIMINATION AND LENDER OF LAST RESORT REQUIREMENTS

The Guaranteed Student Loan program was established as an access program wherein borrowers would not have to go through a credit check or other impediments to receive a GSL. The imposition, by statute or by program policy, of additional barriers to that universal access will greatly handicap those very students who need the aid the most. Therefore, we recommend that the HEA include a nondiscrimination clause which would prevent any lender and guarantor which participates in the program from discriminating against students based on (1) the type of program in which they are enrolled, (2) the length of the program, and (3) the attendance at a particular institution. Moreover, all state loan agencies participating in the GSL program and receiving Federal reinsurance should provide or ensure the availability of a lender of last resort.

Decreasing the special allowance paid to lenders, as is being considered in the reconciliation bill, and imposing stricter due diligence requirements on both lenders and guarantors, as is being proposed in the recent GSL NPRM, will inevitably restrict access to loans to the least creditworthy, generally the low-income and/or vocational school student. Changes to the law as a result of reconciliation and reauthorization should be particularly sensitive to the market forces which drive the GSL program.

MAINTAIN AUTOMATIC ELIGIBILITY FOR STUDENTS FROM FAMILIES WITH ADUSTED GROSS INCOMES (AGI) OF LESS THAN $30,000

Current law allows students from families with less than a $30,000 AGI to be eligible for the GSL in-school interest subsidy and special allowance subsidy. This provision should be maintained because otherwise a large number of independent students would be denied access to GSLs. In spite of the fact that independent students making $10,000 to $25,000 a year are presumed to have sufficient funds to pay for their postsecondary education, as determined by the current needs analysis, realistic cost estimates for financially supporting a family leave little money to pay for that education.

CHANGES CAN BE MADE TO REDUCE DEFAULTS AND SAVE MONEY IN THE GSL PROGRAM

We support the multiple disbursement of loans to students, however, multiple disbursement should be mandated only for loans of greater than 600 clock hours, one semester or two quarters. The programs of less than this length are so short that it is administratively cumbersome to require several disbursements. We do believe that multiple disbursement will save the government funds that otherwise would be lost because the student dropped out of school.

We applaud the efforts of the Department of Education to collect defaulted loans through such mechanisms as offsetting Federal tax refunds against delinquent or defaulted loans and seeking judicial action against defaultors.

Congress should provide that repayment of GSLs be graduated according to the number of years a student has been out of school. Often students are unable to repay a GSL during the early years, while at a later date they have a much higher income and a greater ability to pay. If such a provision is adopted, it should be as administratively simple as possible in order to not discourage lenders from participating in the GSL program.

ELIMINATE UNCERTAINTY IN THE NEED ANALYSIS AND GENERAL PROVISION SECTION OF THE STATUTE

Regulatory requirements for transcripts in order to obtain a GSL or uncertainty as to what the family contribution will be for the Pell Grant program, inhibit long-range planning for students, their families, and the institutions. Therefore, we recommend that a master calendar be adopted for the delivery of student financial assistance and that certain parts of the need analysis be included in the statute, so that the Department of Education's discretion would be limited.

As you know, the Department has used the family contribution schedule as a rationing device to limit the costs of the Pell Grant program. These schedules bear little semblance to reality and, as such, often postpone finalization of a student's aid package until the school year begins.

THE PELL GRANT MAXIMUM SHOULD BE INCREASED TO COVER MORE OF THE STUDENTS' COSTS

As with the GSL maximum, the grant maximum has not changed significantly in the past decade. Thus, students and parents must pay an increasingly higher percentage of postsecondary costs. We therefore recommend that the maximum be increased to $3,000 per academic year in order to recognize the increased CPI and costs of education during the past years.

TITLE III RECOMMENDATIONS

Robert Morris College has applied three times for HEA Title III institutional grants, however, it has never been successful in its application. It is very difficult to make specific recommendations on how to improve the grant review process because it is difficult to understand all of the considerations which go into the selection. Moreover, the reviewers which read and grade the applications change from year to year, therefore, their comments on the submission are quite different from previous years even though the actual application and objectives of the proposal may be similar to previous years. RMC has been very conscientious in taking the comments of reviewers and applying their recommendations to the next year's submission.

The objectives identified in our Title III submissions were to improve our management information system to bridge the distance between the two campuses which are 275 miles apart and also to develop an endowment program to provide for long-term institutional stability. In spite of our nonsuccess in obtaining a Title III grant, we have invested some of our limited dollars into improving the management information system and have begun an endowment internally. The kick-off for our first annual fund drive is next month.

It would appear that the primary problem with Title III is that there are insufficient funds to go around and that Title III aid goes primarily to a narrow group of schools. In particular, the set-aside for junior and community colleges and for black colleges limits the degree to which an institution can compete for Title III funds.

SATISFACTORY PROGRESS

It is my firm belief that you cannot legislate satisfactory progress any more than you can legislate morality. Establishing in statute a specific grade point average for graduation or for achievement at a specific point of a student's academic program will only lead to grade inflation or restructuring of programs to meet the statutory provisions. The current satisfactory progress standards established by the Department of Education in regulation and by the AICS Accrediting Commission are sufficient to ensure that students using federal funds are progressing satisfactorily towards their academic degree.

Ultimately, placement rates are the best proof as to whether students progress satisfactorily in their academic programs. If students do not perform while they are enrolled, they will not have adequate skills in the job market. If skills are inadequate, businesses will not hire the students. Thus, the success or failure of a student and of an institution is ultimately judged by whether that student will be employed for an extended period of time. RMC is proud to note that 24 major Chicago companies make an annual monetary contribution for the opportunity to recruit and hire our graduates.

I would like to take this opportunity to tell you about an excellent program called College Bound which we believe can be replicated throughout the country. College Bound is an eight-week tuition-free program, except for books, given to any student who, based on tests and review of high school transcripts, may not have the skills to complete the rigorous Robert Morris College program. Last year, more than 300 students attended the College Bound program. Eighty percent of these students successfully completed the College Bound program and were then enrolled in one of the full-time RMC programs. The success rate of this group reflects the graduation rate of 93 percent.

Our whole approach to the student is service-oriented and provides whatever is necessary to ensure that they successfully complete their educational program at RMC. Our College Bound program is but one example of our concern for the student.

Another example is our commitment to placement. The Placement Department is staffed by 12 full-time people, and in addition, program directors and instructors are heavily involved in the placement process.

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The Higher Education Act programs are critical to the continued ability of students to receive adequate postsecondary training. However, the budget deficit has taken a toll on these programs and they have not kept up with the costs of educating the students. We hope that you will provide the necessary support during the reauthorization and reconciliation processes to protect those programs. Moreover, it is essential that changes made during the budget reconciliation process are not haphazard and result in unintended difficulties for the Title IV programs.

I would be pleased to answer any questions you have or provide any additional information you may require.

ASSOCIATION OF INDEPENDENT COLLEGES & SCHOOLS

The Association of Independent Colleges & Schools (AICS) was founded in 1912 and now has a membership of 636 diverse business schools and colleges and another 337 branch campuses. Its institutions range from business or specialized schools offering training of up to one year in length to junior and senior colleges offering recognized associate, baccalaureate and graduate degrees.

Approximately 595,000 students are enrolled in these institutions, representing a broad range of income and racial backgrounds. Approximately 90% of the AICS-accredited institutions are taxpaying business corporations; all of the institutions are non-public. In common with all non-public institutions, they are either entirely or primarily tuition-dependent for operating revenues.

AICS member institutions are accredited by the Accrediting Commission of the Association of Independent Colleges and Schools. Since 1953, the Accrediting Commission of AICS (formerly known as the Accrediting Commission for Business Schools) has engaged in the evaluation and accreditation of independent colleges and schools. In 1956, the Accrediting Commission was officially designated by the U.S. Commissioner of Education as a nationally recognized accrediting agency. Such recognition has been renewed since that time and now extends through 1985.

AICS
Association of Independent Colleges and Schools 1730 M Street, N.W. Washington, D.C. 20036 (202) 659-2460

POSITION PAPER
OF THE
ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS
REGARDING
REAUTHORIZATION OF THE HIGHER EDUCATION ACT

I. General Issues

A. Consolidation of the Campus-based Programs

No consolidation of the campus-based programs should be made. However, if they are consolidated, the following must occur: access to GSLs is assured for all eligible students, in part due to statutory prohibitions against discrimination based on the institution's tax status or type of accreditation; proprietary school students could use their college work/study funds for jobs at the proprietary institution, in the same way that a student attending a non-profit institution can; and triggers are included or assurances made that the elimination of some of the campus-based programs would not result in a reduction of Title IV funds below current levels. If consolidation should occur, it is essential that institutional flexibility regarding the remaining programs be enhanced and that funds be allocated directly to the institutions and not through the states. If the NDSL program is eliminated as a result of the consolidation, it is critical that the NDSL revolving fund capital be retained at the campus level to be used for student assistance purposes and not returned to the U.S. Treasury.

B. Program Flexibility

As an alternative to complete consolidation of the Title IV programs into one loan/one grant/ and one work program, Congress should allow greater flexibility to transfer funds between the SEOG, CWS, and NDSL programs. Currently, institutions can transfer between SEOG and CWS. Since NDSL and CWS are considered self-help programs, the law should provide for similar authority with NDSL. Giving the institutions greater transfer authority would enhance the ability of the institution to meet the specific needs of their students. Also, institutions should be given the authority to use up to 25 percent of their campus-based funds for less-than-half-time students to serve the needs of the increasing number of part-time adults seeking retraining.

C. Campus-Based Allocation Formula

The state allotment formulas should be eliminated and the institutional allotment formulas for the campus-based programs should be changed to reflect true fair share. Under current law, institutional funding for SEOG is computed on a base year of expenditures for 1979-80; for NDSL for 1980-81. The base year should be the year for which the institution is reporting activity on the FISAPP. This change would more accurately reflect the institutions' fair shares or the true aggregate need of the students attending the eligible institutions.

D. Merit Aid

While the philosophy of rewarding students based on excellence is a meritorious one, no money should be taken from existing programs to be used for a merit aid program. To do so would have the undesirable effect of transferring funds from the economically disadvantaged to those in the middle and upper income brackets. If some form of merit aid program is enacted, the fund should be allocated among all postsecondary institutions according to enrollment and the actual distribution of the merit award should be determined according to a method chosen by the institution. Regulatory guidelines should allow for maximum flexibility so that each institution can meet tue objective of rewarding excellence in a manner most suited to its student body and the context of its institution.

II. Grants

A. Pell Grants

The Pell Grants maximum should be increased to reflect more accurately increases in the costs of education. Commuter allowance and percentage of cost increases should be tied to and only triggered by an increase in the grant maximum, otherwise the current competitive balance among postsecondary education sectors will be disrupted. Any further increases in the commuter allowance or the percentage of costs covered by the Pell Grant should be reviewed carefully to ensure that it does not adversely affect students attending specific types of institutions.

B. Supplemental Educational Opportunity Grant (SEOG)

As noted in Part I-B above, additional flexibility in transferring funds from other campus-based programs would perhaps alleviate the need for total consolidation of the Title IV programs. The state allotment formula should be eliminated.

C. State Student Incentive Grants (SSIG)

SSIG funds should be allocated only to those states which do not discriminate based on the tax status or type of accreditation held by an education institution. At a minimum, federal allocations to states should be based only on the number of eligible recipients in that state. This would encourage the states to adopt fairer policies and to allow students from all sectors to be eligible for SSIG.

III. Loans

A. National Direct Student Loans (NDSL)

Congress should enact a provision which would waive the default standard for new capital contribution eligibility if the institution showed a significant improvement (25% or greater) in decreasing defaults over the previous year. Such an incentive was included previously in regulations promulgated by ED, but was removed several years ago. This incentive had a very positive effect on encouraging institutions to take measures to decrease their NDSL default rate.

B. Guaranteed Student Loans (GSL)

1. Access

The reauthorized Higher Education Act should have a non-discrimination clause which prevents any lender which participates in the program from discriminating against any student based on the type of program in which they are enrolled, the length of the program, and the attendance at a particular institution. This non-discrimination provision could be applied to the application of the federal reinsurance. Additionally, all state loan agencies participating in the GSL program should provide or ensure the availability of a lender of last resort. At the very least, the Congress should not enact any provision which would hinder an outside guarantor and lender from guaranteeing and lending in a state where total access for all students is not assured. Moreover, the special allowance should be paid to lenders at a higher rate for borrowers in programs of two years or less to recognize the proportionate higher costs (and lower profitability) of administering and servicing small aggregate loan principals portfolios.

2. Eligibility

Maintain automatic eligibility for students from families with adjusted gross incomes of less than $30,000.

3. Consolidation

Consolidation of GSLs by Sallie Mae, state agencies, and any lenders should be allowed only where such consolidation does not inhibit GSL access for one-time or infrequent borrowers who have small loans. Consolidation of large loans makes the remaining small loans in the lender's portfolio less attractive to secondary market purchasers. Assurances and incentives if necessary, should be provided in the program to allow for the consolidation of small loass and to ensure that secondary markets will purchase portfolios with single or small loans. Sallie Mae should be mandated to purchase consolidated loans as a purchaser of last resort. Consolidation and extended repayment of loans for more than ten years after graduation should include no government subsidy but should retain the guarantee.

4. Loan Maximums

AICS Recommendation: The GSL loan limit for undergraduate loans should be increased to $3,000 for the first academic year affected by the reauthorized Higher Education Act and the maximum should be increased each year thereafter based on some inflation indicator. Aggregate and PLUS maximums should also be increased accordingly. The current $2,500 level does not accurately reflect the increases in the cost of a postsecondary education since the $2,500 maximum was first established. Concurrently, the federal government should establish a national student loan data base to ensure that borrowers do not borrow more than is authorized, both annually and in the aggregate. The cost of this data system would likely be paid for many times over by a reduction in loan volume and defaults.

5. Grace Period

The current six-month post-graduation grace period should be extended to nine months, as it was pre-1980. This recognizes the difficulties recent graduates often have in finding jobs.

6. Processing

GSLs should be made co-payable to the institution and the student and mailed directly to the institution. This would ensure that all GSL funds are used for educational purposes and would streamline the payment process.

7. Default Avoidance

Consideration should be given to the following GSL changes in order to reduce defaults in the program: graduated or income-contingent repayment; use of the federal tax system to collect repayment of loans; and use of aggressive collection efforts, such as offsetting federal tax refunds against delinquent or defaulted loans. Also, multiple disbursement should be mandated for all loans of greater than 600 clock hours, one semester or two quarters. Moreover, policymakers should recognize that education institutions have little or no impact on eliminating defaults and that students from low income families have a greater propensity to default.

IV. College Work Study (CWS)

The statute should be changed to allow proprietary school students to use their College Work-Study funds for jobs on campus. This change would eliminate the last remaining distinction that now exist in the Title IV programs between students attending proprietary and non-profit institutions. Students attending proprietary institutions could use their CWS funds for many beneficial activities, including in the student aid office, the career counselling office, the student activities office, and for tutoring illiterate adults who need basic skills training. Non-profit institutions currently use over 85% of their CWS for jobs on campus. Most proprietary school students are commuter students attending classes five hours each day, and, therefore, commuting to and working on an off-campus job is impractical. Also, the "Final Report of the Commission on the Higher Education of Minorities" found that working less than half-time, particularly at a on-campus job, has a positive affect on academic persistence. Given the recent finding that proprietary institutions serve the largest proportion of minority students (54%) of all students receiving financial aid, a change to provide equitable treatment under CWS would positively affect minority and low-income students.

V. General Provisions

A. Need Analysis

Any need analysis system should be based on sound economic assumptions which measure a family's true ability to pay, such as the currently approved uniform methodology. Therefore, until Pell Grant appropriations are large enough to fulfill "true need", a separate need analysis system for the campus-based programs must be maintained.

The present Pell Grant system serves as a rationing device. Annually, the proposed family contribution is developed by the Administration according to the appropriations available or being proposed and consequently not based on sound economic assumptions.

B. Timing

The Congress should adopt a master calendar for the delivery of student financial assistance which will require the Department of Education to present information earlier in the process than under current law. This would enable institutions, families, and students to obtain accurate information in time to affect decisions about postsecondary attendance and choice before the initial payment period. Special consideration should be given to private vocational institutions which often have class starts on a weekly or monthly basis.

C. Independent Student Definition

The Congress should adopt the definition proposed by NASFAA.

D. Satisfactory Academic Progress

Congress should support the institutional-based standard developed by the higher education community and adopted by the Department of Education in final regulations. Any national standard would be unworkable and, at the very least, is likely to contribute to uniformity and mediocrity rather than excellence.

E. "Ability to Benefit" Student Eligibility

ATB students, or those who have no high school diploma or its equivalent but have demonstrated the ability to benefit from the training offered, should continue to be eligible for federal student aid support. These students are generally from disadvantaged economic and academic backgrounds and are the most likely ones to end up on welfare unless they receive relevant job skills training. While we expect that these students will not complete their training at the same rate as those students who are academically better prepared, it does not justify eliminating them from Title IV eligibility.

F. Accreditation

Accreditation by an ED-approved accrediting body, as a threshold requirement for federal program eligibility, is essential to ensure that federal funds are used only to support quality academic programs. Congress should resist any efforts to decouple accreditation and eligibility for participation in the federal student aid programs.

C. Federal Intrusion

The Higher Education Act should clarify the General Education Provisions Act (GEPA) to prohibit specifically the Department of Education from approving or disapproving an educational institution's measure of academic credit, program of study or other issues of academic quality. Such review and approval authority should repose in the recognized accrediting bodies.

VI. Non-Title IV Programs

A. Cooperative Education (Title VIII)

The Cooperative Education program authorized by Title VIII of the Higher Education Act should be expanded to allow participation by proprietary institutions. The current program provides funds directly to non-profit institutions of higher education to locate and place students in off-campus jobs at public and private organizations related to the students' academic or occupational objectives. Given the high priority that proprietary institutions put on placement after graduation and the strong relationship between the academic training provided and the occupational skill received, the expansion of the cooperative education program would again positively affect large numbers of low-income and minority students.

Senator SIMON. Thank you very much.

We will get to those questions shortly.

Let us hear now from Dr. W. Richard Stephens, president of Greenville College.

Dr. STEPHENS. Senator Simon, it is nice to be with you today. I am grateful for your coming back to your home State and listening to us from the grassroots.

Senator SIMON. Not only from the grassroots, but Dr. Stephens happens to be from my old home territory in southern Illinois. Doubly happy to have you here.

Dr. STEPHENS. Thank you.

I have been asked by you to speak regarding the student aid matter and focusing on Pell grants, and then to speak regarding title III, and I will be doing both of those in the time I have and will be happy to answer any questions you may have at the conclusion.

Senator SIMON. Fine.

Dr. STEPHENS. I am going to be speaking also on behalf of the NAICU, the National Association of Independent Colleges and Universities. We have 860 schools which enroll about 1.4 million students, and nearly 84 percent of those students receive Federal aid. Pell grant is a basic grant for students that have access and choice to one of our private schools.

I also will speak on behalf of my own school. We are a school of about 625 students. We draw students two-thirds from this State, and the other third from 39 other States and a dozen foreign lands.

The average family income for the NAICU students is about $22,000 per year, as it is here at Greenville. So these are not schools that are loaded with well-to-do families that have high family income, contrary to the views of some.

These schools do a great work. We enroll about 20 percent of all students nationwide We confer about 33 percent of all the bachelor's degrees. We confer about 40 percent of all the master's degrees. We confer about 45 percent of all Ph.D.'s and we confer about 55 percent of medical degrees, law degrees, and engineering degrees—all professional degrees.

We enroll about 18 or 19 percent black students, so we have a wide range of students in our schools.

I feel constrained in some ways to make these points because of what has been reported in the press in the last 6 weeks or so about our private colleges being heavily endowed, and made up of families making hundreds of thousands of dollars of income; and that they are ripping off the Pell grants and other Federal aid.

The research we have done has not turned up any such students, nor is this a true image of NAICU schools.

It is the case that the Pell grant is the basic grant. It helps provide access and choice for students.

In the last 4 or 5 years, though, the Pell grant has been eaten away in terms of the strength it has to help students choose one of our schools, if they deem that best meets their own needs. That is true of my own school, and, Senator Simon, I have included some extra data here, which shows the kind of family income my students have, and the number of those who have gotten Pell grants, and that is a downward trend line. It is, in fact, a frighteningly downward trend!

While they receive fewer Pell grants, and it is the lowest-income and neediest students who are being hurt the worst, these students are also increasing in the amount of loans that they take out.

So our neediest students are increasing in the kind of debt burden they carry.

The second page of my report, which you have, bears that out. It shows the increasing volume of loans.

In 1979–80, we had 249 students who borrowed $469,640 in guaranteed student loans. That is an average of $1,880 per year. That has gone up until last year, 1984–85, with 273 students borrowing $610,000, to $2,215 per year.

The loan burden gets heavier and heavier that our neediest students carry. They are the ones most unaccustomed to credit, and they tend to drop out before finishing college intending to come back, but followup studies we have done raise some doubts about whether they ever finish a bachelor's degree.

Furthermore, from those who do finish, we anticipate gift income to help future students who come to the college just as they were helped by graduates and other friends who make gifts to us.

An increasing number of our students are graduating with $8,000- to $12,000-loan debt, compared to 4 or 5 years ago, when they graduated with a $2,000- or $3,000-loan debt. This is going to lengthen the time before graduate are going to make gifts back to us, and where those dollars are going to come from, I do not know. Also, many other small private colleges do not know, either.

It is the case that as the Pells have gone down and the loans have gone up, we have tried to help our own selves. We have increased the gift income portion of the budget. That has gone from about 15 percent of the total budget 4 years ago to about 21 percent last year. So we are not sitting by with our hands out, saying, "Give me, give me, give me."

What this is saying is that we can help our own selves. We have increased our own student aid from $280,000 4 years ago to $480,000 last year. That is a lot of money to increase, and that is a new floor which you must maintain, because the students are there with you.

As the Pells, as I said, have gone down and loans have gone up, we have tried to help our own selves. Many other small private schools have done the same thing, and the NAICU data in the printed testimony which you have bears that out. But these kinds of self-help efforts cannot be continued endlessly.

What do we think should be done with the Pells? We want to be a part of whatever the total higher education system comes to. We do not want to fragment ourselves and have the public sector and the private sector and the other sectors warring with each other.

I serve on the Government Relations Advisory Committee of the NAICU, and we have spent a good deal of time in recent days on Federal student aid and tax policy. We are willing to work on solutions. We have a plan for Pells which focuses on getting the maximum award to the neediest student. We think we should begin to sort out what we are calling the "hard costs," tuition and fees and books, from living costs.

Now, living costs are important to students, especially to low income students.

It is one thing to be able to have aid for educational costs, and another thing to be able to afford to attend and live where one enrolls. We do not differ with that, but we think simply in the new Higher Education Act, if we could sort those out, a principle would be laid down, which would help us in funding and managing the Pell Program wisely in the next several years.

So our plan is that we sort those out and that we make a $1,625 maximum Pell for the "hard costs" and $1,625 Pell for the "soft costs," and that students would get those grants, dependent upon the need they have.

We think this would get money to the neediest students to attend whatever college they want to, and in the testimony I have given to you we have charts showing that this is the case.

So this plan, this very simple plan, does increase the maximum, award and the first payout would be in 1988-89; the cost of this plan would be about $4.5 billion.

I will be happy to answer any questions you may have on that plan.

Let me turn now to title III.

We simply applaud the leadership that you, Senator Simon, have given in this title III. I have read over Senate bill 1328, and it has improved in many, many ways, it seems to me, the direction in which we should go. I guess I would like to tell you what has been Greenville College's record with title III and perhaps mention a point or two that you might think through as you continue to work on the Senate bill.

About 4 years ago we received a title III grant for $495,000. It was a 3-year grant. We had received a $100,000 grant for 1 year prior to that.

I could get the exact data if you want them, but it was prior to the new title III criteria.

We wanted to do three things with title III funds. We wanted to improve the chances for high academic risk students who had not had a chance, those that had poor reading scores and did not have good study skills. We were getting a number of those students applying to us.

So we created an Academic Enrichment Center. We now have had about 100 students go through the Academic Enrichment Center. These students, whom the statistics say would never finish a bachelor's degree, did finish a bachelor's degree at about the same rate as the regular students do.

We keep grade points on every semester's work, and we follow through on them.

It also has been the case that many other students have benefited from the Academic Enrichment Center. Out of a student body of 650 students, we will have upwards of 2,500 student uses in that center per year.

A new peer tutor plan has come into being, where students in various courses are named by a professor as one who can tutor other students who are coming into that course. A "phone book" of tutors has been made up and is located by the phone in each dorm hallway, so that students, if they are having trouble with that course, can call the peer tutor, and they can give their time to help that student make it. It is a plan that really works for all students.

The second thing we did was to upgrade in the management field. The computer was very important to us, and we started there, and a whole new major has started. We have 40 students majoring in that field now.

Title III helped us with that.

Third, title III helped us improve our board. We had a title III trustee improvement plan, and for 3 years we worked with our board to help them understand what their role is. The board saw that they must not only understand that they are not only dealing with policy issues, but they must raise funds.

When the first Pell grants were cutback, the board, a nonwealthy board, gave $100,000 to increase our student aid budget in 1 year. Those are board members, many of whom are pastors, teachers—they are not wealthy members on the board.

Second, they have launched a $3.5 million endowment campaign. That campaign is going well. This first year of the campaign we had raised $1½ million in advanced gifts. At our banquet this spring you, Senator Simon, spoke and $300,000 was raised that night. To date we are $2 million-plus toward a $3.5 million 3-year campaign, in the first year. Our trustees are raising funds.

The interesting thing is that we do not qualify for the endowment matching gift in title III, and our endowment is very, very small. We are just getting it going. So if there could be some way that we could in title III use other factors than simply those in current law and SB1328 in order to qualify, I think it would help the smaller private colleges continue to grow and strengthen.

Title III has proved its worth, and so maybe if there could be a focus on such things as salaries paid as well as how many students get how many Pells, if there could be a focus on library, what holdings you have there, on how much of gift income you raise and what the size of the endowment is—those factors—if some of those could be put in title III criteria so that we are not knocked out simply because we do not have the qualifications regarding the student Pells only, I think that would help a great deal.

We approve of SB1328's focus on the HBCS. They have contributed marvelously, and many of our schools now are attempting to work out linkages with them, exchanging faculty back and forth with them. Some of us are beginning to look at that.

So I applaud what you are doing in title III and mention that if perhaps we could look at some other criteria than just student aid, it would help us a great deal

Mr. Chairman, there is much more that could be said, but I think I am over my time limit. I am grateful to be able to speak on behalf of student aid and title III and will be happy to answer any questions.

[The prepared statement of Dr. Stephens with an attachment follow:]

Testimony of

W. RICHARD STEPHENS
PRESIDENT
GREENVILLE COLLEGE

before the
Subcommittee on Education, Arts, and the Humanities
Committee on Labor and Human Resources
United States Senate

Ceremonial Court Room
Dirksen Federal Building
Chicago, Illinois

September 23, 1985

Mr. Chairman and members of the Subcommittee on Education, Arts, and the Humanities, I am Richard Stephens. I serve as President of Greenville College in Greenville, Illinois.

I am pleased to appear before you today to speak about two issues that you have asked me to address: the proposals of the independent colleges (the National Association of Independent Colleges and Universities) for reauthorization of Title IV (Student Assistance) of the Higher Education Act, and your proposed changes in Title III (Institutional Aid) of the Higher Education Act. I currently serve as chairman of NAICU's newly-created subcommittee on reauthorization of the Higher Education Act. And I participated in our February 1985 meeting here in Washington when we adopted a Policy Platform Statement for the 99th Congress, including a number of recommendations for reauthorization of the Higher Education Act. I have attached to my testimony a summary of our those recommendations.

Student Assistance

Let me begin by giving you some information about student aid recipients at independent colleges and universities across the nation for academic year 1983-84.

o 1.4 million students (nearly two-thirds of all students in the independent sector) received some form of student aid from the federal government, their state government, their institution, or another private source.

o 1.2 million students (eighty-four percent of all students who receive some form of student aid) received federal student aid. That means that federal student aid goes to almost half of all students attending independent colleges and universities!

o Recipients of federal aid and their parents contributed an average of $5,705, or nearly two-thirds of the total price of education. That represents an increase from an average of $3,313, or 53 percent of the total price in academic year 1979-80!

o Average family income of recipients of federal student aid was $22,100, and if we exclude GSL-only recipients, the average family income was $17,600.

The above facts demonstrate how important the federal student aid programs are to needy students attending independent colleges and universities. But we also found that --

- For Pell Grants, the participation rate of our needy recipients declined from the high water mark of 66 percent in 1979-80 to 39 percent in 1983-84, and average Pell Grant awards increased only slightly from $974 in 1979 to $1,164 in 1983.

- For Supplemental Educational Opportunity Grants (SEOG), the other major federal need-based grant program, the percentage of recipients/average award declined from 31 percent/$694 in 1979-80 to 20 percent/$650 by 1983-84 academic year.

- National Direct Student Loans (NDSL) declined dramatically, College Work Study (CWS) opportunities declined slightly over the same period, and State Student Incentive Grants (SSIG) showed a dramatic decline in funding at the federal level.

How then are needy students continuing to attend independent colleges and universities? The simple answer is in two parts: (1) the colleges and universities are struggling to fill the gap by providing their own institutional student aid -- almost $2 billion in 1983-84; and (2) more needy students in independent colleges and universities are finding themselves increasingly dependent on larger loans to help finance their educations.

For example, in the four-year period from fall 1979 to fall 1983, the percentage of dependent recipients borrowing a Guaranteed Student Loan had increased dramatically -- from 15 percent to 57 percent, with the average loan also increasing from $1,787 to $2,249! More distressing was the fact that the lowest-income students (family adjusted gross income of $6,000 or less) were as heavily dependent on GSL to meet their educational costs, with 57 percent from this lowest-income category borrowing an average of $2,259, as compared with 15 percent in 1979 borrowing an average of $1,400.

When confronted with that factual background of diminished availability of grant assistance and greater reliance on loans for students attending or aspiring to attend independent colleges and universities, the presidents of independent colleges and universities who comprise the NAICU membership adopted policy recommendations for reauthorization of the Higher Education Act designed to redress this imbalance between grant and loan support for needy students in general, and for the lowest-income students in particular. Our student aid recommendations include --

o A restructured Pell Grant program that more effectively targets larger grants on low-income students and inserts price sensitivity into the basic structure of the program in order to assure equal educational opportunity. Our proposal would introduce a new formula to determine Pell Grant awards. All low-income students (students from families with AGI of 150 percent of the federal poverty standard) at all eligible institutions would receive Pell Grants based on equal allowances for both instructional expenses (tuition, books, and mandatory fees) and living expenses (room, board, transportation, and other living-related expenses). Pell Grants for all other eligible students, would be based on one-half of their instructional expenses, up to the amount of the allowance for instructional expenses.

o A revamped SEOG program that targets funding on students with the greatest need for funds, and ties appropriations for the two major federal grant programs more closely together. Our SEOG proposal would maintain the allocation levels that are being used by colleges and universities this fall, so that no institution loses funds, but would direct all new appropriations above the FY 1985 level to those institutions whose demonstrated need exceeds the amount of funds available.

o A restructured GSL program that limits all loans to need, with slightly increased maximum loan amounts for established students only, with opportunities for students to consolidate their loans when they enter repayment under income-related payment schemes, and with loan amounts not reduced by arbitrary origination charges.

Institutional Aid

Senator Simon, you have also asked me to testify on S.1328, the Institutional Aid Act of 1985. Let me first congratulate you and applaud your effort to enhance this crucially important area of Higher Education Act support. You have sought to give a significant boost to our nation's developing institutions so that they can enhance their academic programs, improve their financial base, and continue to provide a quality education to today's and tomorrow's students. Simultaneously, you have proposed changes to ensure that institutions will use scarce federal funds in a prudent and a productive manner to work towards self-sufficiency.

I am pleased to say that I and NAICU share these priorities. Your bill seeks to address the unique needs of our nation's historically black colleges and universities, not through cumbersome and arbitrary set-asides, but through a separate part of Title III. As a President of a small independent college, I am especially sensitive to the struggles of the institutions that comprise the United Negro College Fund which also is a member of NAICU. These schools have long served a vital purpose in educating our nation's black youth in the face of adverse conditions.

As you know, the programs under the current Title III have had an inconsistent and confusing history that has confounded many college presidents. Institutions have moved in and out of eligibility for seemingly inexplicable reasons. The Education Department has declared certain activities to be "developmental" at some institutions, and hence a permissible use of grant funds, while ruling identical activities to be "operational" at other institutions. This practice has resulted in a number of institutions being required to reimburse already-expended funds to the government. Inadequate funding has caused grant awards to fall short of approved requests, leaving development projects at some institutions only partially completed. Certain institutions have received significant sums over a long period of time without demonstrating progress toward development.

In order to develop reauthorization proposals for Title III to address these problems, NAICU established a voluntary task force from its membership. The task force was chaired by Sister Francis Marie Thrailkill, President of Springfield College here in Illinois. The group included members with broad experience with the Title III programs: presidents of eligible institutions currently receiving grants; a president of an institution once eligible, then ineligible, and now eligible once again; a director of a Title III consortium; and a former director of the Title III program with the Department of Health, Education, and Welfare. The task force's reauthorization recommendations for Title III were presented to the House Subcommittee on Postsecondary Education on July 30th by Dr. Merle Allshouse, chairman of the NAICU Secretariat. I would ask that Dr. Allshouse's testimony be inserted in the record and I will summarize some of their findings as they pertain to Part A of S.1328.

Currently, institutional eligibility is determined through criteria that emphasize federal student aid characteristics. The task force felt that criteria that emphasized institutional characteristics, in combination with student data, would be more appropriate in determining eligibility for an institutional aid program. The task force also recommends evaluating a variety of institutional characteristics, including expenditures for instruction, faculty degree levels, library holdings per FTE, staff and faculty salary levels, admissions records, and development income. Existing law limits the institutional criterion to "educational and general expenditures" (E&G) as the sole measure of institutional strength. By enacting eligibility criteria focused more on institutional characteristics, the Congress would provide a sorely needed mechanism to evaluate an institution's progress toward development. We believe it would be appropriate for institutions in developing their plan for funding, to be required, to address how they expect to strengthen the institution in the context of the eligibility criteria. Continued or subsequent funding could be contingent on reasonable progress, and could serve many of the same purposes as Sect. 351 of S.1328.

In the area of length of grants, the task force recommends that an institution be given the option, within reasonable limits, to choose the length of time it needs to accomplish a well-defined program objective. We believe such a practice would be better than the current practice that requires institutions to choose between applying for one-to-three year renewable grants or four-to-seven year non-renewable grants. In order to emphasize that Title III support is intended to serve as a short term boost to an institution's own development efforts, the task force also recommends that institutions receiving Title III grants be prohibited from submitting another application for funding until the institution has been out of the program for as many years as it was funded. This would also ensure that scarce federal dollars are distributed widely among the many institutions in need of such funds.

The task force also noted that the set-asides contained in the statute and appropriations acts have served to unfairly restrict competition for Title III funds. By targeting funds to our nation's black colleges and universities under a separate part of Title III, S.1328 eliminates the rationale for the current set-asides that have skewed the distributions of grants in all Title III programs. S.1328, however, maintains set-asides for other institutions. NAICU suggests that program regulations should ensure fair access to Title III funds for all types of institutions, but that the statute should be free of set-asides to ensure a competition for grants based on merit and need for funds. Please understand that it is not out of any disrespect for the mission and efforts of our nation's community colleges or other special institutions that we make this suggestion, but rather out of concern that the arbitrary set-asides are causing other worthy institutions to be denied access to needed institutional assistance.

Finally, our task force also recommended that the permissible uses of grant funds be clarified and expanded to allow institutions to work toward true self-sufficiency. The task force felt that the development of administrative staff, the hiring of development and admissions staff, the enhancement of library holdings, and the renovation of an institution's physical plant should be permissible uses of grant funds. We believe many of these areas would be considered worthy of grant funds under Section 323 of S.1328.

Again, let me commend to your attention Dr. Trachtenberg's testimony before this Subcommittee and Dr. Allshouse's testimony before the House Subcommittee on Postsecondary Education for more thorough analyses of NAICU's recommendations for reauthorization of the Pell Grants and Title III institutional aid programs, respectively. I very much appreciate this opportunity to appear before you today, and I would be happy to respond to any questions you may have.

GREENVILLE COLLEGE

Office of Financial Aid

No. of Students receiving Pell Awards - by income levels.

	1979-80	1983-84	1984-85
0 - 5,999	92	95	83
6,000 - 11,999	84	43	35
12,000 - 17,999	94	55	48
18,000 - 23,999	79	48	34
24,000 - 29,999	34	22	23
over 30,000	8	4	8

No. receiving Pell grants with family incomes of under $18,000 declined from 270 in 79-80 to 193 in 83-84 and 166 in 84-85.

No. receiving Pell grants with family incomes between $18,000 and $24,000 declined from 79 in 79-80 to 48 in 83-84, and 34 in 84-85.

Pell funds awarded have declined from $429,500 in 79-80 to $319,500 in 83-84 and $298,500 in 84-85.

	Enrollment	Pell Amt.	No. of Awards	Percent Received Pell
79-80	879 (824 FTE) 796 Full-Time	429,526	392	45% (49%)
83-84	685 (631 FTE) 603 Full-Time	319,559	270	39% (45%)
84-85	650 (601 FTE) 576 Full-Time	298,539	240	37% (42%)

GREENVILLE COLLEGE

Office of Financial Aid

The amount of GSL loans borrowed has increased significantly, even though the enrollment has decreased.

1979-80	1983-84	1984-85
469,640 (249)	643,995 (290)	610,250 (273)

In 1979-80, 249 students borrowed GSL funds totaling approximately $469,600. Over half (139) were from families with incomes under $24,000, 96 from families with income under $18,000.

In 1983-84, 290 students borrowed GSL funds totaling approximately $644,000. Over half (180) were from families with incomes under $24,000, 127 from families with income under $18,000.

In 1984-85, 273 students borrowed GSL funds totaling approximately $610,000. Over half (150) were from families with incomes under $24,000, 116 from families with incomes under $18,000.

GREENVILLE COLLEGE

Office of Financial Aid

COSTS
(tuition/fees - room/board)

		Max Pell Award	
1979-80	$4600	1800	(39%)
1983-84	6750	1800	(27%)
1984-85	7300	1900	(26%)

GREENVILLE COLLEGE

Office of Financial Aid

Minority enrollment

1979-80 -	70
1983-84 -	60
1984-85 -	52

Senator SIMON. Thank you very much.

Chancellor Rotella, it is nice to see you here.

Dr. ROTELLA. Thank you, Senator.

For the record, my name is Salvatore Rotella. I am the chancellor of City Colleges of Chicago, which is the second largest community college system in the country.

Today I speak on behalf of the City Colleges of Chicago and as a member of the Association of Community College Trustees and the American Association of Community and Junior Colleges.

My extended remarks have been filed, and I will just present a summary.

Senator SIMON. And we will enter all statements, full statements, in the record, as well as attachments.

Dr. ROTELLA. The philosophical heritage of community colleges dates back to Jefferson. His vision of free public education as crucial to developing the informed citizenry America's democracy and economy would require is our vision, too, because American society has progressed and the issues we face have become increasingly complex, and higher education has become as important to our individual and collective lives today as elementary education was in Jefferson's day.

Congress has acknowledged this change by establishing the various programs contained in the Higher Education Act, many of which are designed to ensure that no citizen is denied access to that higher education because of family income. The Nation's community and junior colleges have sought to create such access by adopting open admissions policies which allow all students to particioate in higher education.

Jefferson's principles, Congress' commitment, and our community colleges' policies have created a revolution in American higher education over the past two decades. Once the preserve of the privileged, the young, and the few, higher education has become a real option for the majority of the American people. And millions of Americans have exercised that option.

The new college students differ in fundamental ways from the traditional student. It is very difficult to give you a complete picture of the people who are served by the community colleges.

If they are male, they tend to be older than the traditional student.

Females tend to be doing part-time work.

All of our students in urban community colleges are commuter students.

Most of our students are from minority groups, and many are new immigrants.

They are very often the first members of the family to attend colleges, and in most instances they are required, because of family obligations or other economic obligations, to interrupt their education.

But that does not mean that they drop out forever. They usually return to continue their education.

Because of the types of students we serve, our open-door policy and our mission of excellence, I suggest that these basic themes be stressed in the reauthorization of the Higher Education Act:

One, the assurance that the doors of opportunity be reopen, as Congress intends them to be, to people who cannot afford to get a college education without Federal help.

Two, continued Government assistance to developing institutions of higher education to plan, develop, and implement activities that promise to strengthen the institution.

If you expect them to deal with new students, you have to enable them to serve these new students.

Three, an increase in the support of college programs that serve the national priorities—teacher training, remedial/adult literacy skills, and programming for the nontraditional student.

Today I would like to focus my remarks on three issues. These issues are the key to survival of quality community college programs and the hopes and aspirations of the multitude of low income students, whose only chance for advanced education is the community college.

These issues are the Pell Grant Program, ability to benefit concerns, and title III institutional aid activities.

The Pell grants provide a basic foundation of financial assistance, especially for our neediest student. Let there be no confusion about our needy students. Seventy-five percent of all Pell recipients have incomes below $15,000. Forty percent of these students are self-supporting. One-third of them are minorities.

In Chicago and the Nation's other urban areas, the income figures for Pell recipients are substantially lower and the percentage of minority recipients substantially higher.

The fact that the percentage of average attendance costs covered by the maximum Pell grant has been declining recently should concern us all. In 1979 the maximum grant covered about 46 percent of average college attendance costs. Next year it will cover only 31 percent. The gap this has created is beyond the reach of self-help for our neediest students and beyond the reach of campus-based aid programs, whose funding, in real terms, has also been declining.

Incidentally, most of our students have some form of job. They are not just living off of Pell grants or financial aid.

The result is that too many low- and middle-income students at too many schools, especially in our urban areas, have had to drop out of higher education temporarily or permanently, or have had to assume increasingly larger loans, which they can ill afford to repay.

We ask that you recognize this trend and act to stop it. Stop it now, before the gains we have begun to make in increasing the educational opportunity for our citizens are further eroded.

We ask that you reaffirm our Nation's commitment to access by restoring funding of the Pell programs to levels that will make that commitment real for those who count on it most.

In my testimony we have appended a list of provisions that we feel are necessary for the Pell Grant Program. Let me just mention them very briefly.

First of all, we would like to retain the program's central processing component. This would help the coordination of both the Federal and State grant applications.

We would like to amend the Pell authorization to define the program as a genuine entitlement

We would like to expand the half-cost limit of the 1980 amendments to 7 percent.

We would like to increase the maximum award to reflect rising college costs.

We would like to add special provisions to meet the needs of adult learners and students enrolled for less than half time. For these people the adults and those who must come part-time, that education is very vital and very crucial in order to improve their condition in life.

We would like to see modification of the cost of attendance criteria to reflect the real costs of commuter students. A lot of students in American higher education are commuter students. They do not have the means or the opportunity to live on campus and enjoy the traditional benefits of campus life.

Finally, we would like to see implementation of the Education Amendments of 1980, which addressed this inequity by allowing institutions to determine the costs of attendance for commuter students as they now do for residential students.

Let me turn now to ability to benefit.

We strongly support the continuation of ability to benefit as a primary factor of eligibility for underprivileged and/or educationally disadvantaged students. Students who meet the performance requirements for college admission must be eligible for financial aid whether or not they have a high school diploma or equivalency certificate.

A lot of our students will come to us after they have dropped out of school many years before, many years ago, and a number of our students, especially if they are new immigrants, never have had the opportunity to attend high school, but we do have ways to assess their ability and to help them make it in college.

Students of the City Colleges of Chicago received almost $26 million in student financial assistance in 1984–85. Approximately 30 percent of our current students are enrolled and receive assistance under the ability to benefit provision.

Individuals who do not possess a high school diploma or GED are often labeled high risk students.

As an urban, open-door community college, an essential aspect of our mission is to serve students without high school diplomas. We provide extensive support services designed for these students and retain only students who perform within established standards of academic progress.

The services we provide include:

One, remedial development programs.

Two, academic support services.

Three, technical support.

Four, other special need programs.

The role of ability to benefit as a criteria for receipt of title IV student financial assistance is key in the successful education experiences of many high risk students. These students cannot hope to break the unemployment/poverty cycle without further postsecondary education to build their skills and competencies.

Now, as to title III, we at the City Colleges of Chicago are especially appreciative of your efforts, Senator Simon, on behalf of improving title III, the institutional aid section of the Higher Education Act.

Four of our colleges have received funds under title III. As your bill recommends, Senator, title III funds should be directed to those institutions whose development will do the most to stabilize and expand universal access to college learning and those institutions that serve the neediest populations.

Community, junior and technical colleges currently serve more than 55 percent of all Americans who start college. Community colleges serve more black and Hispanic students than all other combined segments of higher education. We serve more working adults and disadvantaged students than any other segment of the postsecondary community. Our colleges also provide more programs expressly tailored to the private sector's advanced and changing skill needs than any other postsecondary system.

Thus, we suggest that part A have as its mission the improvement of academic quality, institutional management and fiscal stability of eligible institutions. Such measures increase an institution's self-sufficiency and also, particularly with community colleges, enable the development of state-of-the-art resources to train or retrain our Nation's work force to meet the demands of global economic competition.

Given the specific concerns of historically black colleges and universities, we concur with the emphasis on Federal assistance to these institutions, as specified in part B of Senate bill 1328.

Developing institutions clearly have a need for unrestricted assistance in order to undertake initiatives that promote regional and local economic development and serve the academically and economically disadvantaged. The challenge/endowment grants program, part C, adequately addresses this concern.

We would suggest, however, that the provision in the endowment grant program that allows only colleges that have received support from part A or B to be eligible, be eliminated. Endowment assistance may be more important to some developing colleges than either part A or part B support. All should be permitted to compete freely for the endowment grants, provided they have established title III eligibility.

There is no institution that more accurately depicts the essence of America than does the community college system. Community colleges historically have served a broad range of students. Students range from the underprivileged, seeking to enhance their chance to grasp the American dream of freedom and prosperity through knowledge, to displaced workers attempting to adjust to a changing economy through new job training skills, to women, fed up with subsistence level wages, attempting to move ahead through advanced education.

The tradition of providing equal access to education, one of the most essential tools of democracy, should be strongly encouraged by Congress.

Thus, I ask that you continue to say to our people and to the rest of the world that our society and our government choose hope over despair, equal opportunity over economic discrimination, and knowledge over ignorance.

I will be delighted to extend my remarks, if necessary, and answer any questions you have, Senator.

[The prepared statement of Dr. Rotella follows:]

PRESENTATION OF TESTIMONY TO

Subcommittee on Education, Arts and Humanities

REAUTHORIZATION OF HIGHER EDUCATION ACT

Dr. Salvatore G. Rotella, Chancellor
City Colleges of Chicago

September 23, 1985

Senator Simon,

and Members of the Subcommittee on Education, Arts and Humanities:

My name is Salvatore Rotella and I am Chancellor of the City Colleges of Chicago, the second largest community college system in the country. I speak today on behalf of the City Colleges of Chicago, and as a member of the Association of Community College Trustees (ACCT) and the American Association of Community and Junior Colleges (AACJC).

It is my privilege to be invited here to testify about such a paramount piece of education legislation as the Reauthorization of the Higher Education Act and its impact on community colleges.

The philosophical heritage of community colleges dates back to Jefferson. His vision of free public education as crucial to developing the informed citizenry America's democracy and economy would require is our vision, too. Because American society has progressed and the issues we face have become increasingly complex, higher education has become as important to our individual and collective lives today as elementary education was in Jefferson's day.

Congress has acknowledged this change by establishing the various programs contained in the Higher Education Act, many of which are designed to insure that no citizen is denied access to that higher education because of family income. The nation's community and junior colleges have sought to create such access by adopting open admissions policies which allow all students to undertake higher education.

Jefferson's principles, Congress' commitment, and our community colleges' policies have created a revolution in American higher education over the past two decades. Once the preserve of the privileged, the young, the few, higher education has become a real option for the majority of the American people. And, millions of Americans have exercised that option.

The "new" college students differ in fundamental ways from "traditional" college students.

- -- He tends to be older.
- -- She tends to work and attend college part time.
- -- They are commuters.
- -- He is often from a minority group or is a new immigrant.
- -- She is often the first member of her family to attend college.
- -- They are often required to interrupt their education at some point because of other obligations.
- -- He is more likely to pursue a vocational program than a liberal arts program.
- -- She is likely to go to her community college to take the few courses she needs to advance so as to earn a degree.
- -- They are likely to need financial assistance to pay even the minimal costs of attending a community college.

Because of the types of students we serve, our open door policy, and our mission of excellence, I suggest that these basic themes be stressed in the reauthorization of the Higher Education Act:

1. The assurance that the doors of opportunity are genuinely open, as Congress intends them to be open, to people who cannot afford to get a college education without federal help. This means that, among other things, we need to strengthen the Pell Grant program substantially, treat part-time students more equitably in the student aid arena, and ensure that students without a high school diploma or its equivalent, are given assistance when they demonstrate an ability to benefit from higher education;

2. Continued government assistance to developing institutions of higher education to plan, develop and implement activities that promise to strengthen the institution. This is especially critical to community colleges given the shift in employment trends which leads to a different emphasis in our academic and job training programs;

3. An increase in the support of college programs that serve the national priorities--teacher training, remedial/adult literacy skills, and programming for the non-traditional student.

Today, however, I would like to focus my remarks on three issues. These issues are key to the survival of quality community college programs and to the hopes and aspirations of the multitude of low income students whose only chance for advanced education is the community college. These issues are: the Pell Grant Program, ability to benefit concerns, and Title III Institutional Aid activities.

PELL GRANTS

The Pell Grant program is, as you know, one of several federal grant, work and loan programs designed to help low- and middle-income students — and especially the "new" students I have been describing — to meet the costs of higher education. The Pell grants provide a basic foundation of assistance, especially for our nation's neediest students. And let there be no confusion about it: I mean our neediest. Seventy-five percent of all Pell recipients have incomes below $15,000. Forty percent of these students are self-supporting. One-third of them are minorities. In Chicago, and the nation's other urban areas, the income figures for Pell recipients are substantially lower, the percentage of minority recipients substantially higher.

Congress' intent in creating the Pell program in 1972 was to increase educational opportunity for low-income students. Recent studies, such as College Choice in America by Charles Manski and David Wise, demonstrate that Congress' goal is being achieved. According to Manski and Wise, the Pell program has been directly responsible for a 59% increase in the enrollment of low-income students in higher education.

Programs that work are not that easy to come by. That the percentage of average attendance costs covered by the maximum Pell grant has been declining recently should concern us all. In 1979, the maximum grant covered about 46% of average college attendance costs; next year, it will cover only 31%. The gap this has created is beyond the reach of self-help for our neediest students, and beyond the reach of campus-based aid programs whose funding, in real terms, has also been declining.

The result is that too many low-and middle-income students at too many schools, especially in our urban areas, have had to drop out of higher education temporarily or permanently, or have had to assume increasingly larger loans that they can ill-afford to repay.

We ask that you recognize this trend and act to stop it. Now — before the gains we have begun to make in increasing the educational opportunity of our citizens are further eroded. We ask that you reaffirm our nation's commitment to access by restoring funding of the Pell program to levels that will make that commitment real for those who count on it most. (Appendix A delineates provisions we find essential to maintain the integrity of the Pell Grant program.)

ABILITY TO BENEFIT

Since the inception of the Higher Education Amendments of 1965, students beyond the age of compulsory school attendance who have the ability to benefit have been eligible for Title IV student financial assistance programs. We strongly support the continuation of ability to benefit as a primary factor of eligibility for underprivileged and/or educationally disadvantaged students: students who meet the performance requirements for college admission must be eligible for financial aid whether or not they have a high school diploma or equivalency certificate.

Students at City Colleges of Chicago received almost $26 million in student financial assistance in 1984-85. Approximately 30% of our current students are enrolled and receive assistance under the ability to benefit provision.

Individuals who do not possess a high school diploma or GED are often labeled high-risk students. As an urban, open-door community college, an essential aspect of our mission is to serve students without high school diplomas. We provide extensive support services designed for these students, and retain only students who perform within established standards of academic progress.

These services include:

1. Remedial/Developmental Programs -- entry level students are provided with core classes in English, reading, and math;
2. Academic Support Services -- ongoing, individualized support is given through assessment, tutoring, and counseling.
3. Technical Support -- computer-assisted learning labs and equipment permit students to focus on areas of greatest need.
4. Special Needs -- additional support is given to meet unique or specialized requirements: readers for the blind or interpreters for the hearing impaired.

The role of ability to benefit as a criteria for receipt of Title IV student financial assistance is key in the successful educational experiences of many high-risk students. These students cannot hope to break the unemployment/poverty cycle without further post-secondary education to build their skills and competencies.

TITLE III

We at City Colleges of Chicago are especially appreciative of Senator Simon's efforts on behalf of improving Title III, the Institutional Aid section of the Higher Education Act.

As Senator Simon's bill recommends, Title III funds should be directed to those institutions whose development will do the most to stabilize and expand universal access to college learning and those institutions that serve the neediest populations.

Community, junior and technical colleges currently serve more than 55% of all Americans who start college. Community colleges serve more black and hispanic students than all other combined segments of higher education. We serve more working adults and disadvantaged students than any other segment of the post-secondary community. Our colleges also provide more programs expressly tailored to the private sector's advanced and changing skill needs than any other post-secondary system.

Thus, we suggest that Part A have as its mission, the improvement of academic quality, institutional management and fiscal stability of eligible institutions. Such measures increase an institution's self-sufficiency, and also, particularly with community colleges, enable the development of state-of-the-art resources to train or retrain our nation's workforce to meet the demands of global economic competition.

Given the specific concerns of historically black colleges and universities, we concur with the emphasis on federal assistance to these institutions as specified in Part B of Senate Bill 1328.

Developing institutions clearly have a need for "unrestricted" assistance in order to undertake initiatives that promote regional and local economic development and serve the academically and economically disadvantaged. The challenge/endowment grants program, Part C, adequately addresses this concern.

I would suggest, however, that the provision in the endowment grant program that allows only colleges that have received support from Parts A or B to be eligible, be eliminated. Endowment assistance may be more important to some developing colleges than either Part A or B support. All should be permitted to compete freely for the endowment grants provided they have established Title III eligibility.

There is no institution that more accurately depicts the essence of America than does the community college system. Community colleges have historically served a broad range of students. Students range from the underprivileged seeking to enhance their chance to grasp the American dream of freedom and prosperity through knowledge to displaced workers attempting to adjust to a changing economy through new job training skills, to women, fed up with subsistence level wages, attempting to move ahead through advanced education.

The tradition of providing equal access to education, one of the most essential tools of democracy, should be strongly encouraged by Congress.

On behalf of City Colleges of Chicago and all the community colleges represented by the Association of Community College Trustees and the American Association of Community and Junior Colleges, I ask that your decision in the reauthorization of the Higher Education Act speak clearly to the tradition of equal access and opportunity for all our citizens. I ask that you continue to say to our people and to the rest of the world that our society and our government chooses hope over despair, equal opportunity over economic discrimination and knowledge over ignorance.

Appendix A

PROVISIONS ESSENTIAL TO MAINTAIN PELL GRANT PROGRAM INTEGRITY

1. **Retain the Pell program's currently authorized, emphasis on need.**

2. **Retain the program's central processing component,** so that by completing the application for Federal Financial Aid, a student continues to be considered automatically for state financial aid programs.

3. **Amend the Pell authorization to define the program as a genuine entitlement.** In theory, the program is an entitlement now--a student applies, the student's financial situation is assessed, and if found qualified, the student is expected to receive the amount of entitlement. In practice, however, a student's award is also subject to fiscal and political constraints--if appropriations to the program are inadequate, a schedule of reduction takes effect which results in almost every student award being reduced below the level of entitlement. If the Pell program is the foundation of assistance, it is currently a highly unstable one. As long as it remains unstable, the entire structure of student aid will be. In short, financial aid awards should be for the full amount for which the student is eligible.

4. **Expand the "half-cost limit" of the 1980 amendments to 70%.**

5. **Increase the maximum award to reflect rising college costs,** and providing for increases during the five year authorization period.

6. **Add special provisions to meet the needs of adult learners and students enrolled for less than half time.** For example, the means test for displaced workers should exclude some equity, employment benefits, and food stamps, and child care expenses should be allowable in calculating the cost of attendance.

7. **Modify the cost of attendance criteria to reflect the real costs of commuter students.** We recommend that the commuter allowance for students living off-campus but not with parents (currently $1600) be established at a level comparable to current budgets for residential students. In addition, we recommend that the living allowance for commuter students living with parents be increased. This allowance, set at $1100 in 1972, has not been adjusted since. The limit should be increased to reflect inflation since 1972: at $3600.

8. **Implement the Education Amendments of 1980, which addressed this inequity** by allowing institutions to determine the cost-of- attendance for commuter students as they now do for residential students.

Senator SIMON. I thank all three of you for your excellent statements.

All three of you have emphasized the Pell grants. We face a situation where we are not going to get everything we want realistically. If you had a choice, not a choice you would like to make, but maybe a choice we are going to be forced to make, but if you had a choice of increasing Pell grants or increasing the guaranteed student loans, which would you increase?

I will start off with the president of Robert Morris College.

Mr. PICKETT. That is between a rock and a hard place, Senator.

I think at Robert Morris College we probably would be better off with an increased Pell grant, although the impact on the students on our residential campus of—we serve a different student body there In Chicago we serve primarily—it is an urban institution, with a high minority enrollment where the Pell grant is very important. However, those students that want to attend the residential campus at Carthage, it is equally important to have access to guaranteed student loans.

So it is a very difficult question, but I suppose if I looked at the institution as a whole, I would have to be for Pell grants.

Dr. ROTELLA. I guess in our case it goes without saying that we would be in favor of the Pell grant. But every time I turn around and check with our financial aid offices in the various colleges, I find that students are taking advantage of whatever they can take advantage of. GSL, even at community colleges, is used and is used somewhat more extensively than people tend to believe. However, if we would be forced to choose, obviously, with the students attending community college, the Pell grant, obviously, is our choice.

Dr. **Stephens**. Mr. Chairman, the statements I made tend to support the claim that we would endorse Pell grants over the guaranteed student loan. The reason is that we in the private sector conceive of the funding of a student in college as a partnership of the student, the home, our friends, alumni, corporate gifts, and third, Government help.

Fully 12 to 13 percent of a private college's budget goes to aid to the student. We could not make up a much higher share of that if the Pell grants were going down

The thing that we could do, and we have proved this with one loan program we have, is that we could probably in the private sector—I don't know about my friends in the other two, but we could perhaps begin to create our own loan plans, that would supplement the guaranteed student loan.

We started a "second miler" loan fund. I asked our friends who went the first mile to make a gift to us if they would go the second mile to make a low interest loan to us.

This is when the Pell was decreased a few years back. In the first year, $125,000 of loan money came in, some at 5 percent interest, some at no interest. I loaned it out to the students as a last resort loan, in order to complete their aid plan, at about 7 percent interest.

We had 62 students the first year of the second miler program, and we have about a hundred now. We would prefer to see the Pell grants go up over the loans.

Senator **Simon**. I should like to ask a couple of specific questions of each of you.

Chancellor, you mentioned the endowment. A lot of people, I think, think that endowment and foundation assistance is helping private colleges, but not schools like yours. In fact, and this is obviously a leading question, but, in fact, if you had substantial endowment and foundation funds, that could enrich the quality of your program?

Dr. **Rotella**. We do have ways in which we could co-act with the business community. Incidentally, we do have a foundation within the City Colleges of Chicago to raise funds.

Senator **Simon**. What is that foundation? What is the value of it right now, roughly?

Dr. **Rotella**. We have just started it. It will be a lot of nickels and dimes, putting it in plain terms, but nickels and dimes make dollars, and we expect to raise some funds, mostly to help the various colleges and programs where we cannot get help from either the State or Federal Government.

But certainly we are not beyond endowments. We are following the same pattern as the private sector.

Incidentally, our alumni, as I have indicated, though they can only contribute nickels and dimes, are willing to contribute them.

Senator **Simon**. And if we were able to expand title III, this could be an encouragement?

Dr. **Rotella**. It would help us immensely.

In spite of all the various sectors of higher education, we all depend pretty much on the same community.

I think education is highly valued in our society, and when we extend our hand and ask for help from the business community, I think we will find some response. In some cases there are institutions or foundations that cannot give funds to public institutions, but, on the whole, we are breaking down these barriers.

Senator SIMON. You mentioned, just kind of incidentally, remedial adult literacy skills. This is an area where basically our society has just let that be hidden in the closet. We have not pulled that out and really tackled it.

How can we more effectivley use the community college system or Greenville College or Robert Morris College to move on that?

Dr. ROTELLA. This is an area, Senator, where, if we want to serve the adult population, we must contribute to the whole movement toward literacy. Not that we we can take care of the literacy by ourselves, but really we have to give our own contribution.

In many ways we have to assess the adults that come to us, and in many cases they do need basic literacy so that they can benefit from higher education.

I think the best way that help can be given to us is by some grants, whereby we can mount our own campaign against illiteracy, not so much a grant to the student, because, to an extent, the student in the literacy program is not so much yet a student, but a person who is trying, and if we had ways, other than just tuition, in which we could mount a campaign against illiteracy, especially in large cities, I think that would go a long way.

We in Chicago in the past year or so have launched a number of projects to help defeat illiteracy. But, in a sense, we really are creating the students of tomorrow, and we are opening—and this really is the meaning of the open-door—we are opening the door to get the student wherever he or she is and bring them up to a level where they can read and where they can take a course.

There is no question that the way education has been funded in the public sector, there are no funds for that particular area. The funds are very difficult, and grants to the institution would be the best way on the basis of what projects we present in terms of fighting illiteracy.

Senator SIMON. Do you have college/work/study in your schools?

Dr. ROTELLA. Yes, we do.

Senator SIMON. So if, for example, we were to build in incentives for using college work/study for tutoring, for literacy, would that be a significant help, or would it not?

Dr. ROTELLA. No question that work/study could enhance the peer tutors. But the problems of illiteracy are so varied, that we need all sorts of attacks. An attack that I think is quite promising may be through computer assisted instruction, the use of new technology. That can really help.

There is not only one solution. But certainly work/study and encouraging students to help other students would be a very sensible thing.

Senator SIMON. Let me give an assignment to a chancellor here now. I would like to see you ask somebody in your staff to put together what an ideal program—if you could, forgetting the cost, forgetting anything, and I am not suggesting that we are going to be able to forget costs or anything, but if you just would put together a program to really move on this program in the Chicago area, what would you put together?

I would like to see somebody on your staff send that to me. And, if possible, send it to me fairly soon.

I am not suggesting that we are going to be able to do this, but it is possible that maybe we can get some kind of demonstration program going here.

Dr. **Rotella**. We will be delighted to do so.

[Information supplied for the record follows:]

A PROPOSAL FOR ADDRESSING THE PROBLEMS OF ADULT ILLITERACY IN THE CITY OF CHICAGO

Office of the Chancellor
City Colleges of Chicago
30 E. Lake Street
Chicago, IL 60601

October, 1985

A PROPOSAL FOR ADDRESSING THE PROBLEMS OF ADULT ILLITERACY IN THE CITY OF CHICAGO

SUMMARY

By now it is clear to everyone who has paid even the slightest attention that illiteracy in the United States has reached proportions seriously damaging to our social fabric. Some 60 million Americans--one-third of the adult population--are illiterate. In Chicago this translates into 600,000 adults who are either illiterate or functionally illiterate.

In addition, an estimated $300 billion has been lost in productivity and tax revenues as well as in crime and welfare costs.

In an effort to deal with what can only be called a social crisis, the City Colleges of Chicago has been promoting programs directed at meeting the needs of illiterate adults. However, the numbers of such adults keep increasing significantly, and it is vital to establish new initiatives to meet the growing problem.

In order to accomplish this, City Colleges of Chicago is proposing that the following steps be taken:

1. Continued use of a Hotline system, designated "624-READ."
2. Development of diagnostic centers throughout the city aimed at identifying educational needs, as well as any physical and/or medical problems that impact on illiteracy.
3. Development of mobile diagnostic centers, equipped with the necessary systems and personnel, to go directly to people who can't or won't use traditional methods of contact.
4. Engagement of the cooperation of city, county, state and federal agencies to provide support services.
5. Extended use of the "Parents and Teachers Together" program aired over WYCC-TV, City College's PBS station.
6. Introduction of the Alternative High Schools Program, designed for early academic intervention.
7. Tailor-made programs to suit different populations, because illiteracy has no single, simple solution.
8. Provision for immediate follow-up with and feedback for those seeking help so that they do not become lost in the system.
9. Development of personnel, equipment and software necessary to meet the needs of the programs.

"**NOT KNOWING** — This is a familiar theme. Not knowing the right word for the right thing at the right time is one form of subjugation. Not knowing the world that lies concealed behind those words is a more terrifying feeling. The longitude and latitude of one's existence are beyond all easy apprehension. Even the hard, cold stars within the firmament above one's head begin to mock the possibilities for self-location. Where am I? Where did I come from? Where will I go?"

-- from Illiterate America by Jonathan Kozol

This paper addresses itself to a problem so broad in scope and of such social magnitude that it affects every single American citizen in some important and significant way. It is the problem of literacy.

To those of us who are literate, our knowledge of how to read and write goes so far back into our personal histories that it seems as if we were born with those capabilities; thus it is exceedingly difficult for us to imagine--though we may try very hard to do so--what life is like for someone who cannot perform those basic functions, especially for a person who in all others respects looks and behaves like an adult--who, of course, is an adult.

Precisely because reading and writing is second nature to us, we do not stop to consider how our capacity to perform those acts creates and shapes our universe--both our private as well as our public worlds. And many professionals in language study feel there is a specific connection between thinking and writing, so that the very language we use, or don't use, determines the way we think about a certain subject.

Quite recently the City Colleges of Chicago produced a number of public service messages for television and radio that were extremely affecting in the way that they showed a young woman trying to shop in a supermarket but who could not read the labels on the products--can you imagine what havoc this lack of ability would play in her attempt to buy and use any sort of medication? Or what about the person who could not accept job promotion because in that capacity he would have had to read instructions and fill out forms--and could not? These two brief examples suggest how far beyond linguistic theories these basic questions of literacy extend: they touch the personal, the social and the economic lives of our citizens. And all of us--literate and illiterate alike--suffer the results.

ILLITERACY: A COMPLEX, WIDESPREAD PROBLEM

American Library Association President E. J. Josey recently pointed out that "Functional illiteracy now exacts a measurable toll in crime, unemployment, poverty, and human suffering." He went on to say that, "According to a 1972 study by the Senate Select Committee on Equal Education Opportunity, the bill exceeds $225 billion each year for lost industrial productivity, unrealized tax revenues, remedial training in business and the military, crime, and welfare costs."

In 1985 these figures need to be updated because of increased illiteracy and because of the effect of inflation on the dollar. In his book Illiterate America, published in 1985, Jonathan Kozol says that $20 billion is the direct cost to business and taxpayers; that six billion (a figure on the low side) is attributable to child welfare costs and unemployment compensation; and that "$6.6 billion yearly (estimate of 1983) is the minimal cost of prison maintenance for an estimated 260,000 inmates--out of a total state and federal prison population of about 440,000--whose imprisonment has been directly linked to functional illiteracy." Kozol adds that it is a reasonable assumption, based on available data, that "we now incur a minimal annual loss of $20 billion in direct industrial and tax expenditures."

ILLITERACY IN THE NATION

And what of the numbers of illiterates in the United States today? Kozol claims, and many agree, that more than one-third of the adult population--or about 60 million people--are illiterate or functionally illiterate. It is also shocking to contemplate that the United States ranks forty-ninth of 158 members of the United Nations in illiteracy. And even more shocking to realize that, according to Kozol's figures, "all federal, state, municipal, and private literacy programs in the nation reach a maximum of four per cent of the illiterate population."

Finally, according to Illiterate America, the present level of federal funding for programs directed to those 60 million people amounts to about $1.65 per year per person.

It is clear that our communities are imperiled, and their futures in jeopardy because of the vast social and economic disruption created by illiteracy. Therefore, it is not only enlightened self-interest that demands we act; but it is the humanity we share in common that insists we commit ourselves to this undertaking. To do so we must make use of all of our available resources in the attempt to eradicate the destructive malady of illiteracy. And it is a malady with a complex syndrome, which is to say, it is a disease that is many-sided and resistant therefore to simple solutions.

ILLITERACY IN CHICAGO

Let us turn to some specifics: In Chicago alone, the 1980 census revealed that more than 42 per cent of the city's population had not completed secondary school; more than 446,000 failed to complete elementary school; a staggering 600,000 adult Chicagoans are estimated to be illiterate or functionally illiterate; and we shamefully admit to a city-wide high school drop-out rate of almost 50 per cent, with some schools registering an 87 per cent drop-out figure. These figures are conservative, since, as Kozol points out, in order to be counted in the U.S. Census, one must be able to read the questionnaire; the end result is that hundreds of thousands of individuals are simply not being counted.

What do these figures portend for the City of Chicago and for the State of Illinois? In economic terms they suggest that businesses will leave the state and we will continue to increase the unemployment rolls, with the resultant social dislocation, because time and again an educated workforce has been cited as a major reason for determining where business locates. Put in more personal terms, consider what happens to the self-esteem of that non-literate person who cannot balance a check book, who cannot read the telephone directory and who is unable to fill out a job application, much less read the daily newspaper.

What follows is one specific example that represents much of what has been pointed out in this paper: Steven Pickett, a Chicagoan, became a student in 1984 in a CCC literacy program. A ninth grade drop out, Mr. Pickett shuttled from job to job before finding employment as a crane operator at U.S. Steel's Southworks. Unfortunately he was among the many who were laid off when the plant closed its gates. Because Mr. Pickett could not read and thus could not complete a job application, he underwent great difficulty in finding another job. Then, when he saw that his own son was experiencing problems with reading, he sought out help, in itself a courageous move because of the embarrassment suffered by adults who are illiterate.

At the age of 33, Mr. Pickett is now reading at a 4th grade level and continues to strive for improvement, with excellent chances of moving ahead in his job.

THE ILLITERACY SYNDROME

Earlier, this paper referred to illiteracy as a malady with a complex syndrome. In other words, while there is a general impression that individuals who cannot read or write all suffer from a single problem which, if dealt with correctly, would solve the literacy problem, this is not the case. In fact we know, now, that there are many reasons for the problem. And each aspect of this problem of illiteracy is characterized by a number of sub-groups. For example:

-- There are the recent immigrants to Chicago who may or may not be literate in their native language but who most certainly are illiterate in English.

-- There is the recent drop-out from the public high school who has never experienced any success in the school system and who may also be unemployed.

-- There is the older adult, perhaps 35 or more, who barely mastered the basic academic activities in school and who now has very poor reading and writing skills.

-- There is the senior citizen who never completed school and now would like to develop literacy skills but is hesitant about doing so after many years away from the classroom.

-- There is the welfare mother who had to drop out of school to raise her family and never learned the basic tools of literacy.

-- There is the high school graduate who was passed from grade to grade but who never adequately learned to read or write.

This list is far from complete, and, we are finding, countless approaches must be developed to meet the diversity of these needs. However, some indication of the extent of the need as it has been identified to date can be seen by looking at the figures for numbers of students served in CCC in spring 1985. In that last fiscal year, the College served 25,469 students in literacy programs, including Basic Literacy, Spanish Adult Basic Education, English as a Second Language Basic, and Adult Education. It is obvious, given that figure, that this number does not appreciably affect the illiterate population in the City of Chicago.

ILLITERACY: ADDRESSING THE PROBLEM

The purpose of this paper is not only to make clear the extent of the problem facing society but also to present suggestions as to how the problems of illiteracy may be addressed.

The generic name two-year colleges take on--community colleges--clearly points to the fact that they are, by far, the educational institution most responsive to community needs. Their history also supports this contention. And the contents of this paper are a reaffirmation of that educational philosophy as well as a natural extension of the five-year strategic plan that the City Colleges of Chicago drew up and began to implement in 1985. The mission statement of the document reads in part: "The mission of the City Colleges of Chicago...is to meet diverse educational needs of the residents of [Chicago] and other students by offering both access and excellence in higher education.

"By legislative mandate, the City Colleges of Chicago are committed to offering comprehensive...services, including basic skills education...adult basic education and...to provide underprepared students with access to entry-level employment and postsecondary education."

CURRENT CCC INITIATIVES

City Colleges of Chicago has been involved in literacy education since 1968; however, from 1968 to late 1973, a limited number of students were served and the program received marginal attention within the College. But on August 24, 1973, the Board of Trustees of CCC, recognizing the magnitude of the adult literacy problem, authorized the establishment of the Adult Learning Skills Program, which was intended to serve that part of the adult population lacking high school diplomas or their equivalent. This action established CCC as one of the first educational institutions to develop a program specifically focused on disadvantaged adults. Then, in July 1984, the Board of Trustees established a Literacy Project aimed at attacking the problems of illiteracy not only through new initiatives developed in the College but with the cooperative efforts of other institutions and agencies. In October of that same year, a multi-racial Commission of leaders from professional and community organizations was formed to lead this effort. Currently CCC serves 25,469 literacy-level students in classes meeting eight hours per week in a variety of locations throughout the city and staffed by 1400 full-time professionals and 2000 part-time training specialists.

Through its own PBS station, WYCC-TV, the City Colleges of Chicago also demonstrates its leadership in the literacy movement. WYCC has joined forces with a select group of other PBS stations around the nation to produce televised literacy and educational awareness programming. The station is currently broadcasting original materials on literacy, which were produced by WYCC in conjunction with the various campuses and departments of the City Colleges of Chicago.

The City Colleges of Chicago, with its many community-based outpost locations, a television station, a large cadre of well-trained and experienced teaching personnel, as well as competent administrators, is uniquely qualified to provide a variety of effective educational programs to attack adult illiteracy in Chicago. It is the intent of the City Colleges system to improve and to expand both the program offerings as well as the means and methods of the delivery of services to needy adults.

City Colleges of Chicago has undertaken an intensive awareness campaign to raise the level of public attention about problems of illiteracy. In its initial phase, this awareness campaign has been developed along general lines and aimed at broad segments of society that include educational and political leaders, teachers, as well as students.

CCC INITIATIVES FOR THE FUTURE

In the next phase we need to appeal to the various sub-groups of people, some of whom we delineated earlier. This means that recruitment strategies as well as programs must be tailored to the particular needs of individuals like single heads of households, welfare recipients, senior citizens, prison inmates, and so on.

As teachers clearly recognize, all things being equal, the student who is well-motivated is the student who is successful; many handicaps can be overcome if the individual is motivated enough to do so. One of the characteristics of people who cannot read or write is, in some cases, a lack of motivation--for whatever social or economic reasons. In other instances, there are physical impediments to literacy, such as the single mother who must care for her children and therefore cannot leave her apartment, the unsophisticated young person who will not leave the neighborhood enclave, elderly persons whose infirmities do not allow them to do so. Other difficulties include the physiological barriers of poor eyesight, impaired hearing, brain function anomalies that include aphasia and dyslexia, among others.

Following is a list of wide-ranging programs needed to address the rampant and multi-dimensional illiteracy problem in Chicago:

*** THE HOTLINE**

One method being proposed here for bringing the client and CCC services together as directly as possible is to have the person who needs help dial 624-READ, the City Colleges Literacy Hotline. Calling that number will put the person in direct contact with a literacy consultant who, based upon the information developed, indicates to the caller the next step to take. Normally, that would be to have the prospective student come to a diagnostic center, at which point the student would be run through a battery of tests and assigned to a program best meeting the student's needs. (Another viable approach is for students to come into one of the various school buildings or outpost sites scattered throughout the city and register for any of a variety of literacy programs. At that point, staff members can refer students to diagnostic centers or to city agencies, such as the Board of Health, if they identify a medical problem.)

*** THE DIAGNOSTIC CENTER**

A series of centers at key locations within the city, some located at the colleges or their outposts, would be equipped with the materials and personnel necessary to identify and define as precisely as possible the variety of literacy problems certain to be encountered; secondly, the centers must be staffed with individuals qualified to diagnose and counsel potential clients and refer them to the programs for which they are best suited.

*** THE MOBILE DIAGNOSTIC CENTER**

In those cases where motivation or physical handicap might prove a problem, what is being proposed is that services be carried directly to the immediate community and/or directly to the individual or individuals involved. This could be implemented by developing a moving diagnostic center--a large van, in which equipment necessary for basic testing could be housed, along with personnel to run it and in-take people to handle potential clients. For example, perhaps a series of calls on the hotline from people in a community on the near Northwest Side indicate people need help. The van, with its equipment and personnel could travel to, say, the corner of Western Avenue and

Division Street, ready to interview all interested individuals. Prior to the van's making that run, various community organizations in the area would be informed of the time and location of the van, so that they, in turn, could refer neighborhood people to the site. This technique would obviate what Jonathan Kozol calls "geographical paralysis," the self-defeating behavior of those individuals who will not or cannot leave the narrow confines of their neighborhoods.

If it is determined that additional, more sophisticated diagnosis is necessary, the people who need further testing could be sent to diagnostic centers located at CCC campuses and other pre-determined sites or referred to various City agencies equipped to treat clients with specific problems.

Once a diagnosis is made, a staff member will follow up with the individual, cutting through any red tape.

* PARENTS AND TEACHERS TOGETHER PROGRAM

The first place to defeat illiteracy is at the level of early childhood and in the primary grades, so that good study habits and the mastery of primary skills learned at the beginning will ensure continuing success. City Colleges' Parents and Teachers Together is a project designed to produce thirty one-half hour television programs to be broadcast over CCC's Channel 20; the content of these programs will include 1) the subject matter the students are learning in the Chicago Public Schools at about the same time they are actually involved with that material and, 2) the skills that need to be acquired for future learning. The programs will be directed to parents of first, second and third grade students.

* ALTERNATIVE HIGH SCHOOLS PROGRAM

Because the dropout rate in Chicago high schools averages almost 50 per cent, a figure ensuring wide-spread adult illiteracy, City Colleges is engaged in developing high school programs at some of the College's campuses. The Alternative High School program staff will identify a number of potential dropouts, that is, students who have not as yet become hard-core dropouts but who, in all likelihood, would become so without intervention. These students will attend classes from ninth through twelfth grades on a college campus where, it is suggested, college students will provide role models for the potential dropouts. In addition, a positive, challenging staff will treat the students "as successful individuals," in an atmosphere that will be both innovative and supportive.

* THE COOPERATING AGENCIES

Cooperating organizations and agencies required for a full-service program aimed at serving the populations under discussion would include the following:

1. Department of Human Services
2. Department of Public Aid
3. Chicago Housing Authority
4. Chicago Board of Education
5. Chicago Public Library
6. Department of Corrections
7. Chicago Board of Health
8. Department of Vocational Rehabilitation
9. State and Federal Probation Departments
10. United Way Crusade of Mercy
11. Employment organizations
12. Indigenous personnel (from community-based organizations)
13. Locally-based literacy organizations

*SOME INDIVIDUALIZED APPROACHES

As has been indicated earlier, once the potential students are diagnosed, they are then referred to those programs best meeting their individual needs. What follows is a brief description of some kinds of approaches that might be used with certain of the "sub-groups" mentioned earlier:

> **In-Home Instructional Programs:** A significant number of adults cannot leave their homes for regular classroom instruction or tutoring. They may be bedridden, need to care for ill relatives or be

handicapped in some other way. For this population, basic skills instruction could be provided in the home once a week. If needed, specialized materials could be provided (audio casettes, large print materials, and so on). This program would reach adults who otherwise would not have access to basic skills instruction.

Recruitment Programs: "I can't read, but I can read people." (From Illiterate America.) Those experienced in literacy education recognize that a crucial component to any successful program is the person from the community itself, dedicated to the proposition of doing something for the members of that area. As the woman quoted at the beginning of the paragraph implies, who knows better than those with whom one shares one's life. Success in this venture is more easily assured by developing a program using "indigenous" recruiters to get to the potential students.

Tutoring Programs: Adults who feel uncomfortable returning to a formal classroom may begin work on basic academic skills by using individualized instruction in the tutoring programs. The one-on-one or small group approach is less threatening to individuals who fear a traditional academic setting. The second target group of this program is the adults who have entered regular classroom instruction but who need additional individual attention. In this instance trained volunteers can be used extensively. Students taking advantage of this arrangement would agree to spend a stated amount of time each week with a tutor.

Drop-In Instructional Programs: While a regular class in basic literacy requires a commitment of eight hours per week at a specified time, adults who cannot attend regular classes can drop in at designated sites, where they can receive individual attention. Students attend as they have time available, and the program would not be based on class size but on the numbers of students dropping in each week. But by using essentially the tutoring faculty for this program, staffing for the Drop-In activities can be adjusted to meet the numbers of students who will appear at any given time; therefore, this program will be a component of the more highly structured tutoring activities.

Media Instruction Programs: Several methods may be used to aid students in this category. There is the Audio Visual Tutorial (AVT) laboratory, which is a programmed basic reading and basic math course delivered via audio-visual hardware. AVT labs are currently installed at six sites in the College. Another method is the PLATO system, which provides computer-assisted instruction in basic skills and is available at all of the City Colleges. The GED-TV, still another delivery system, provides instruction via WYCC, Channel 20, which airs an 18-week series of GED instructional videotapes. Students in this program may also attend a class once a week that is held at a local library. The Study Unlimited program provides a variety of introductory college credit courses via Channel 20.

Computer-Aided Instruction: Some adults may choose to begin or supplement their academic preparation through the use of computers. Younger adults, particularly, seem motivated to learn in this way. In addition, adults may utilize this program as time is available. Computer-aided instruction can provide unlimited practice and has no constraints of time imposed on the user of the computer program.

Regular Classroom Instruction: Many adult literacy students will enter a regular classroom. Students may attend either eight or 16 hours at a specified time each week. Specially selected literacy instructors, who receive additional in-service training in reading methodology, are used in the program. Volunteers are also used in these classrooms to provide individual attention for those students most in need.

Depending upon the needs of a particular student or group of students, one of these programs just described may be the preferred alternative. The general idea is, however, to remain flexible in the kind of training being offered and the system by which it is delivered.

PROGRAM REQUIREMENTS

To be able to do that we must also have adequate personnel and services that would include the following:

Personnel

1. Testing and assessment
2. Teaching
3. Administrative
4. Para-professional
5. Community liaison
6. Community recruiter
7. Evaluation/research
8. Volunteer
9. Technical

Services

1. Transportation
2. Child care and development
3. Nutrition referral
4. Medical referral
5. Diagnostic
6. Tutoring (including peer and cross-age)
7. Staff development
8. Counseling (group, family, personal)/motivational
9. Substance abuse counseling and/or referral

Other Needs

Provide resources at each of the colleges for a Materials Center that would include filmstrips, slides, 35mm movies, overhead transparencies, records, tapes, and so on, with the necessary equipment to accompany the software.

Training specialists at each of the colleges would then have available to them materials, on a loan basis, to be used either in classrooms at the campus or at on-site locations. Each college would likely develop collections in the areas in which it now specializes, so for example, Truman College would specialize in ESL materials, Kennedy-King in ABE and GED software, and so on.

Provide resources for the development of diagnostic centers attached to all campus English/Speech Departments. These resources would provide for in-service training of current reading and remedial specialists, and for other English faculty (now part of the regular college credit program)who choose to become involved in the program as well. These resources would also provide for necessary equipment and software used in diagnosis and treatment of literacy problems.

Currently most of the funds the City Colleges of Chicago receives for literacy activities are provided primarily through credit hour grants from the Illinois Community College Board and through categorical grants from the Illinois State Board of Education.

Because credit hour grants from ICCB are awarded to districts on the basis of the number of credit hours generated in adult basic education courses, this structure requires that students enroll for specific classes for specific numbers of hours per week and that they maintain a specified level of progress. For many students with problems in literacy, this method of instruction is satisfactory. However, as we stated earlier in this proposal, for a great many more students and potential students more diversity of programming is necessary, as are more varied systems of delivery.

From an educational standpoint, class size should be small in order to teach the illiterate student most effectively. However, this becomes difficult when ICCB reimbursement rates are low and classes cannot, therefore, support themselves. In part, this is due to the fact that the allocation for credit hour grants has not risen in proportion to the number of students enrolled in these programs. Additionally, these levels have fluctuated considerably over the years.

Historically, what we and other agencies have been forced to do is to use the short-range, stop-gap approach to the problem. However, in order to undertake the massive educational job that challenges us, we need to be able to engage in long-term planning. To do anything other than that is to condemn untold numbers of people to a life with less than hope, devoid of dignity and filled with despair. In the words, once again, of Jonathan Kozol, "Illiteracy, when widely recognized and fully understood, may represent the one important social, class, and pedagogic issue of our times..."

At this point it is clear how great the problems are that we face in dealing with the question of literacy; however, the very difficulties themselves should challenge us to utilize our pedagogical, technical and financial resources in the most creative ways possible in order to strike out against this disease that debilitates the social body.

We must meet that challenge.

Senator SIMON. I can see President Stephens is eager to add something.

Dr. STEPHENS. I wanted to add to that. I agree with what he is saying. Five years ago we had such a plan. The grants came through a block grant program in Madison County, as I recall, and for 3 years we worked to help people over 21 years of age. We had a $20,000 grant per year, and we used our students in the teacher education field, who are learning how to teach reading, to teach adults. The faculty worked with them also. We would teach students in the small towns around us—Centralia, Carlyle, Sorento, Mulberry Grove, the Royal Lakes area. We had many people learning how to read and completing their GED tests. We had one man who was about 77 years old, who improved his reading skills enough to pass the GED test.

It is not overly dramatic, but it broke my heart when there were no funds for that. And I tried to come up with funds out of my own budget, and I simply did not have an extra $20,000.

Senator SIMON. And, in fact, that $20,000 has probably been repaid in tax increments, and everything else.

Dr. STEPHENS. We still follow up those students. There must have been 70 students who finished the GED. Not all of them needed to be taught how to read, but a good many did.

One of the fears that some students had was coming to the college campus. When we found the first year that we did not enroll as many students as we did in the next 2 or 3 years, we began to take the plan to the towns where the folks were.

Senator SIMON. I think that is a basic point. A great many of these people are not going to walk into a community college or Greenville College, certainly not into an elementary or secondary school. We have to accommodate the embarrassment factor.

Dr. STEPHENS. That is right. But after they had finished the GED, they want to come to campus. We held commencement for them and a high school diploma was awarded; and there was a great honor in this, and some of those students enrolled in Greenville College.

Senator SIMON. Good.

Let me ask, specifically talking about Greenville College, because something has happened in your minority enrollment, I know, that reflects the national scene.

In 1979–80 you had 17 minority students. In 1983–84 you had 60. And in 1984–85 you had 52.

Why?

Dr. STEPHENS. Those students simply thought that they could not get Pell grants. They did not apply, and the word was out that you cannot get Federal dollars.

It also is the case that a good many of those students did not qualify for as much Pell as they otherwise were getting, and so we talked about loans. We have found that these students fear loans as a general rule more than a middle-class student does. Middle-class students have seen their folks use credit cards, buy a house, and car on loan. They know they are going to pay off the loan.

We find these neediest minority students fear loans and simply will not take out loans.

That is the main reason.

Senator SIMON. President Pickett, you mentioned a nondiscrimination clause in loans.

Are you running into a problem or are your schools in your association running into a problem about that?

Mr. PICKETT. At Robert Morris College we are not running into that problem. I think associationwise, some of the schools in the association are running into that problem, and that is the reason the association in their position paper makes note of the fact that I would like to comment about our College Bound Program, which addresses some of the problem that we are talking about.

It is not designed, however, to overcome illiteracy. But it does give access to Robert Morris College to about 300 students a year that otherwise, in our opinion, would not be able to make the grade. By coming to this tuition-free program that we sponsor, 300 students are successful in the Robert Morris College Program.

We do not charge for it, but obviously there is a cost to the college, and we estimate it at somewhere in the neighborhood of $300,000 or $400,000 for us to give this program.

Now that we put this program on at our residential campus, not to the extent that we do in Chicago, but the residential students who participate in college in effect earn their room and board by, during the summertime, doing work around the campus, you might say, to offset our out-of-pocket expenses for the room and board.

So the College Bound Program is free at both institutions, although obviously the numbers in Carthage's program are relatively small.

So this again is a program that we have sponsored with our own funds, and obviously, if we had the funds available, we could do more work in remediation.

Obviously, we should be committing more of our college funds to remedial programs, to help these students as they go through the program, once they matriculate in their regular programs. However, I will say they tend to complete the full program at Robert

Morris College at about the same rates as the other college students.

It is a very successful program, obviously, one that we are delighted to be giving, and we are making the maximum commitment we can.

We also are just beginning our fund-raising program, and we are starting our first annual drive in October. We hope that our students and various constituencies, graduates and friends of the college, will be generous in their support, because we see a need for long-term endowment to help us meet the differences in expenses.

The thrust in our first annual fund-raising drive is going to be "Dollars for Scholars."

It is going to be oriented toward student aid.

We think that is a very positive program that we are putting on at Robert Morris College. We hope to raise the first year $80,000 for this program. We hope eventually it will grow to considerably more than that. But that is our goal the first year.

Our Gold Key Club—24 corporations in Chicago make a contribution to the college for the privilege of interviewing our students. These funds have gone into our endowment program. So from internal sources we take a little bit of our modest surplus each year and put it into what we call our quasi-endowment fund. I think we have $600,000 in that fund, income from which goes to students in other projects.

It is difficult for a college of our size to provide the capital necessary to keep up to date with the state of the art, the computers, roofs for the buildings, the gyms and dining commons and all that sort of thing. So not receiving the title III grant in a sense is—well, we have had to fund it ourselves, and we have not been able to do some of the things that we would like to do.

Senator SIMON. May I ask you one further question? You say Congress should provide that the repayment of GSL's should be graduated according to the number of years a student has been out of school. Do you have any specifics in mind?

Mr. PICKETT. It is our feeling that as soon as a student gets out of school, they do not have the funds to make very large payments on a debt. But we think that if it were structured so that it was loaded toward—so that the payments increased as their income increased, rather than to try to just divide it among an equal number of payments, if it could be such that once a student or a graduate establishes himself, then later on, though the loan is older, their ability to pay is increased.

Senator SIMON. And you are just suggesting that interest rates and other things increase—what? Five years after you are out? Or do you have any specifics in mind?

Mr. PICKETT. Well, no specifics, but we would like to see them be under less pressure at the beginning of their career and under more pressure as they become contributing members of our society.

Senator SIMON. As they move along.

Well, we thank all three of you very, very much, not only for your testimony, but for your leadership.

Thank you.

Now the student aid panel, who are Ms. G. Kay Jacks, director of financial aid, Illinois State University; Sharon Spence, director, Upward Bound project, at Northern Illinois University; and Keith Jepsen, associate executive director, Illinois State Scholarship Commission, accompanied by Mr. Thomas A. Breyer.

Ms. Jacks, we will start off with you.

STATEMENT OF G. KAY JACKS, DIRECTOR OF FINANCIAL AID, ILLINOIS STATE UNIVERSITY; SHARON SPENCE, DIRECTOR, UPWARD BOUND PROJECT, NORTHERN ILLINOIS UNIVERSITY; KEITH JEPSEN, DEPUTY EXECUTIVE DIRECTOR, ILLINOIS STATE SCHOLARSHIP COMMISSION, ACCOMPANIED BY THOMAS A. BREYER

Ms. Jacks. Thank you very much.

Senator Simon, staff and colleagues, I am G. Kay Jacks——

Senator Simon. Again, let me state that we will enter statements into the record. We do have a time problem, so if you can summarize your remarks to about 5 minutes, that would be very helpful.

Ms. Jacks. For the record, I am G. Kay Jacks, director of financial aid at Illinois State University and president of the Illinois Association for Student Financial Aid Administrators, an organization of 380 financial aid professionals.

You asked me to talk on four specific issues, and representing the Illinois Association of Student Financial Aid Administrators, we share some assumptions, one that education is vital and is a necessary investment; second, that the national debt concerns all of us, and, in fact, creates a sort of vicious circle for families by eroding their expendable income and therefore creating a problem for them which causes them to need assistance.

We also feel that higher education policy, both at the national and institutional levels, needs to concern itself with the increasing number of minority students in both secondary and elementary education.

I would like to add as an assumption that we feel that need analysis should continue in its present position, not to be used as a rationing device, but, rather, trying to assess a realistic measure of a family's ability to pay.

The questions you asked me to speak to were: One, how do we achieve cost savings on a Guaranteed Student Loan Program while not seriously impacting on the availability of funds to students.

We outlined several proposals to that question. There were eight of them, actually.

The first one is probably the most controversial and would need considerable study, because it would have the initial impact, and that is that we recommend determining guaranteed student loan eligibility using uniform methodology, which includes an assessment of assets, taxable and nontaxable income.

The current system, as you know, only looks at taxable income. That would have an impact on independent students, and it has some implications for what we might call land rich farmers, whose assets provide an unrealistic picture of their wealth.

We think that that proposal offers several advantages, the first of which is that we would have a single formula. Currently, there are three formulae for determining the student's eligibility, and most institutions use a second and additional form for collection of that data on guaranteed student loan applications.

So by combining that, we eliminate the need for an additional form, as well as need for an additional formula.

We think that the interest rate should continue to be tied to a 90-day average of T bills and not to exceed 10 percent for undergraduate students, 12 percent for graduate students.

The reason we made that distinction is that further on you asked me to talk about independent students, and we would make graduate students all independent

That, of course, would have some implication in the Guaranteed Loan Program, so the 12-percent interest rate is indicated.

Another issue that seems to be highly controversial is the issue of copayability for guaranteed student loans. That issue primarily stems as a concern in States where the lender does not notify the institution that students receive a guaranteed student loan.

The current statute allows that provision. In Illinois, the checks generally are sent to the institution, payable to the student, so that the issue of not knowing is not really a problem in this State.

Consequently, we feel that by requiring that either in the regulation, as the Department recently has proposed, or in the statute, is going to merely add significantly to the administrative support of the program.

We also oppose it for a more fundamental reason, in that we think it will delay the actual delivery of funds to the student, and, in some cases, that could be as long as—well, at a minimum we expect it to be 2 weeks added to the delay in the check, the receipt of the check, and, more likely, as much as 2 months.

We oppose it further because it reduces the development of any criteria procedures for the electronic transfer of funds directly to the institution.

Therefore, we recommend that the statute require the lender to send the guaranteed student loan funds to the institution, made payable to the student. The transfer of funds could be either by check or electronic deposit, pending the development and implementation of adequate control procedures.

Multiple disbursement is another issue that many are talking about as we look at reauthorization. We are concerned, on the one hand, about the increased cost of handling guaranteed student loans if they are multiply disbursed. You can argue that would drive the cost up 70 to 100 percent for the handling of the check.

Given that, though, we also believe that multiple disbursements would achieve better fund control, reduce lender cost, or cost paid to lenders, and reduce defaults.

There are some other advantages that really are important for the student.

One is better money management. In many instances, we have $2,200 to $2,300 sent to a student who does not even know how to handle a checking account. Perhaps there would be an incentive to reduce indebtedness. As students get on campus, often they can find a job, and consequently the second loan disbursement might not be necessary.

Multpile disbursements also would increase involvement with the lender and the institution, emphasizing both the educational nature of the money and the repayment obligations.

Our recommendation, therefore, would be to allow multiple disbursements, or require multiple disbursements, of loans greater than $1,000, and—and this is not in my testimony and was left out—for programs greater than 6 months in length.

The special allowance. We did not give you a specific recommendation as to what it should be. We think it should continue to be tied to a percentage above T bills, but we think that can be something less than the current 3.5 percent that is paid.

Further, that the disbursement could not be claimed until the loan was actually disbursed. And the multiple disbursement provision does delay that payment somewhat.

Another one that I think would save considerable money is this: Under current regulations the student can borrow on the entire family contribution if the income is below $30,000. Philosophically, this concept is allowing a lowerincome student the option of borrowing, versus burdening the family, which perhaps is already somewhat fiscally insolvent.

We think the same philosophical concept could be retained by allowing the student, regardless of the income, to work to replace the family contribution. Allowing the student to work to replace his contribution instead of borrowing not only reduces the loan costs, but also provides some incentive as students find jobs in the private sector.

In my own institution, 2,142 students benefited from this current GSL replacement provision, and that was over $3 million that they received.

The special allowance paid on that money would be close to $400,000.

So we do oppose allowing a student to borrow a guaranteed student loan against the family contribution regardless of income, but, in the end, we would allow it for student employment.

Current GSL regulations allow nondegree seeking students to borrow under the Guaranteed Student Loan Program. This allows informal academic decisions. We do not support requiring guaranteed student loan recipients to be degree seeking. Degree status is required for all other title IV programs.

I mentioned loan consolidation. Although loan consolidation increases program cost by extending the repayment period, it also reduces default by making repayment more manageable.

We support the National Association of Student Financial Aid Administrators' proposal of automatically increasing annual interest rates for consolidated loans and limiting the minimum allowable loan for consolidation to $7,500 or more under one program or $5,000 or more from two lenders.

You asked me to talk to an appropriate definition for independent students, which recognized the primarily responsibility of the family to pay higher education costs.

Since 1980 the number of independent aid recipients has increased, as has the average age of the student population. So one really could argue that the problem is not that we have more convenient students, but, rather, that we simply have legitimately more independent students.

Therefore, we do not really believe changing the independent student definition will dramatically change the number of independent students, but we could support provisions to the current definition, as follows:

Primarily, we would require a student under the age of 23 by July 1 of an award year to provide parental data, unless the student is an orphan, ward of the court, married, single with dependents, graduate student, professional student, a veteran, or determined independent by a financial aid officer.

The second part is that we feel we should be allowed to exercise professional judgment in exceptional cases to override the need for parental data. Exceptional cases include child abuse and sexual molestation.

Senator SIMON. I do not mean to cut you off, but if you could summarize the balance—we are on a time problem here.

Ms. JACKS. Of course.

You asked for my comment on the cost issue with regard to Pell. We recommend a $3,000 award, with 60 percent of cost. But certainly we could modify that, and that would continue to be compromised.

The recommendations we have are not that controversial, I think. We would support, particularly for low income students, the reestablishment of the one-half cost family contribution provision in the SEOG Program.

The rest of those are fairly mechanical.

I would like to mention a couple of issues that you did not ask me to speak to, but you have heard testimony already about some of them. I refer to the whole issue of the delivery system.

I would hope that would include some provision for training financial aid officers. That has been remiss in several years

Finally, our testimony would bring forth a topic that we would like to study further, if you desire.

Aside from perhaps the discrimination that this provision or this proposal has, we think, as I mentioned before, we have to be concerned with the increase in the number of minority students and the impact that has on the institutions, and therefore recommend the creation of a new minority mentorship program, having as its goal the alignment of minority students with a "mentor" who would share philosophies, experiences, research, and so forth, with the student.

The student would be paid a stipend of no less than the $300 per semester for the mentorship.

To be eligible, students must maintain at least a 2.5 cumulative grade point average on a 4.0 scale and meet other general title IV eligibility criteria.

Institutions must match 25 percent of the Federal mentorship allocation. Further, the institution would be required to report on the goals, objectives, and learning outcomes achieved of its mentorship program.

We believe such a program would benefit the student and the institution, while requiring a thoughtful commitment from the latter.

Senator Simon, we thank you for your time.

[The prepared statement of Ms. Jacks follows:]

ILLINOIS ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS POSITION ON REAUTHORIZATION

Presented to

Senator Paul Simon

on

September 23, 1985

Prepared and Presented by

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ILLINOIS' ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS POSITION ON REAUTHORIZATION

Senator Simon, Staff and Colleagues, I am G. Kay Jacks, Director of Financial Aid at Illinois State University, and President of the Illinois Association of Student Financial Aid Administrators, an organization of 380 financial aid professionals.

I appreciate the opportunity to appear before you today to speak on a topic that means so much to me, professionally and personally. Professionally, I represent 20,000 students. Of those 20,000 students, 16,500 received some type of financial aid. Personally, as a recipient, my construction worker father's salary was inadequate to finance my education, so I relied on the Educational Opportunity Grant, College Work Study, and National Defense Student Loan programs. In fact, the first job I had was as a College Work Study employee in a county home extention office in Arkansas. I believe in the Title IV programs and the contributions students will make to society as a result of their availability.

The Illinois Association of Financial Aid Administrators has drafted positions on several Reauthorization issues included within this testimony. As the Illinois Association of Financial Aid Administrators discussed Reauthorization, we shared several assumptions:

A. Higher education is a vital and necessary investment for America.

B. The national debt concerns all Americans. Therefore, creativity and innovation through Reauthorization would be overshaddowed by this more primary concern. In fact, the debt creates a vicious circle for families by eroding their spendable income resulting in increased need for assistance.

C. Higher education policy, both national institutional, must address the needs of the increasing numbers of minority students in elementary and secondary schools.

D. Financial aid is not just a student issue; that is impacts upon institutions and communities throughout the country as a form of indirect revenue sharing.

E. As educators, we must look at educational financing as a student and not as an institutional concern. Our business is teaching students.

F. Need analysis should not ration dollars, but continue as a separate process attempting to provide a consistent, realistic measurement of a family's ability to pay for discretionary items such as a college education.

These assumptions provide the philosophical framework for our proposals. In an ideal world, we highly recommend differently.

You have asked me to address four areas today:

1. Outline specific recommendations for achieving "saving" in the Guaranteed Student Loan (GSL) programs which I believe could be enacted without substantially reducing student access to loan funds;
2. Suggest an appropriate definition for "independent students" which recognizes the primary responsibility of the family to pay higher education costs;
3. Recommend appropriate levels for both maximum grants in the Pell Grant program and annual accumulative debt levels in the GSL and the National Direct Student Loan programs; and
4. List any changes to the campus-based student aid programs which I believe would improve disbursement of these funds and their targetting on low- and middle- income students.

First, I will address our Guaranteed Student Loan proposals.

Given the expense of the Guaranteed Student Loan program compared to other student aid programs, it is the logical target for reduction. I have actually heard comments that it would be more cost effective to "give the money to the student outright" than to try to keep pace with the outyear costs.

We offer eight cost saving measures.

1. We recommend determining Guaranteed Student Loan eligibility using Uniform Methodology which includes an assessment of assets, taxable and non-taxable income. If the proposal were generally acceptable, we would need time to further study its impact on independent students and on "land rich farmers" whose assets provide an unrealistic picture of wealth.

   Currently, for three "need based" programs, Campus Based, Guaranteed Student Loan, and the Pell Grant, we have three separate formulas for determining need. Each formula treats information differently by either ignoring it or changing the action upon the information in determining eligibility. We carefully explain to families what their "financial need" is and how we arrived at the figure. The parent argues with us about their neighbor with the boat, the lake cottage and the BMW who received a "full ride" even though the neighbor earns three times more income.

   Students and their families are confused by the financial aid double talk evident in this conversation. "Ms. Jacks, we appreciate the $2,500 Guaranteed Student Loan, but we thought you said our need was only $1,500. Do we have to repay $1,000 right away?" Jacks responds, "Well, no. You are entitled to the full $2,500 Guaranteed Student Loan now, because we used a different need assessment for that program." But if I only "need" $1,500, how can I receive $2,500? We don't want to do anything wrong!"

   Initially, making Guaranteed Student Loan totally need based would drastically change the Guaranteed Student Loan program and cause students to become ineligible. That is why it is critical that the need analysis system realistically measure a family's ability to pay. In the long run, we feel paralleling Guaranteed Student Loan eligibility with the Campus Based formula would offer simplicity by eliminating both a form (the Guaranteed Student Loan Needs Test) and a separate formula measuring of "ability to pay."

2. **Interest rate** -- We recommend increasing the interest rate with sensitivity to declines in 90 day average in Treasury Bill rates. For undergraduates, we recommend 10%; for graduate and professional students, we recommend 12%. Our 12% recommendation for graduate and professional students is tied to our independent student definition making all graduate and professional student ineligible. By increasing the independent filing population, costs in the Guaranteed Student Loan program will increase.

3. **Copayable** -- This concern has developed primarily in states where the institution is not informed by the lender when the student receives a Guaranteed Student Loan. The current statute allows lenders to disburse directly to the student by stating that "Guaranteed Student Loan funds borrowed by a Student" must be "disbursed by check payable to the order and requiring the endorsement of such student." Thus, the lender has the option of disbursing directly to the student or through the institution. Consequently, we do not have a problem with lender notification, and copayability would merely add significant administrative intrusions.

   Additionally, we oppose copayability because of the unnecessary delays added to the student's receipt of the Guaranteed Student Loan check. Copayability will require many institution to bring the money into institutional accounts and reissue another check. Aid officers estimate delays of two weeks to two months for check preparation depending on the sophistication of the institution's fiscal systems. We also oppose copayability because it precludes the development of criteria and procedures for electronic transfer directly to the institution.

Therefore, we recommend that the statute require the lender to send the Guaranteed Student Loan funds to the institution made payable to the student. The transfer of funds could be done by individual check or electronic deposit pending the development and implementation of adequate control procedures.

4. **Multiple disbursement** -- We are concerned about the increased handling of Guaranteed Student Loan payments if payments were multiply disbursed. Institutions could expect a 70% increase in the cost of handling Guaranteed Student Loan disbursement. But, we also expect that multiple disbursement would achieve better fund control, reduce lender allowance costs, and reduce defaults. There are also several student advantages including:

   a. Better money management -- All too often, students, like many of us, conveniently find "emergencies" when we have access to $2,300. Last week, I had a freshman bring me her Guaranteed Student Loan check for $2,312 and ask, "What should I do next?" We spent about an hour working out a detailed budget with projected needs and due dates, but a one-hour session does not train students for lifelong financial planning.

   b. Incentive to reduce indebtedness -- Many eligible students apply for loans in a panic because they believe they will not have money to pay expenses. Frequently, after arriving on campus, the student will find a job thereby decreasing the dependence on the second semester loan amount.

c. Increased involvement with the lender and the institution to emphasize both the educational nature of the money and the repayment obligations.

We recognize that the students often need "start up money." Therefore, we recommend multiple disbursement of loans greater than $1,000. The government should delay the lender's special allowance until funds were disbursed postponing the Federal costs two to five months.

5. **Special Allowance** -- The special allowance paid to lenders coupled with the low risk have made the Guaranteed Student Loan program popular with lenders. We recommend continuing paying Special Allowance as a percentage above T-Bills. However, the allowance cannot be claimed until the loan is disbursed.

6. **Family Contribution Replacement** -- Currently, a student can borrow the entire family contribution if the income is below $30,000. Philosophically, the concept allows a lower income student the option of borrowing over burdening a fiscally insolvent family. The same philosophical concept could be achieved by allowing any student, regardless of income, to work to replace the family contribution. Allowing students to work for the family contribution instead of borrowing not only reduces Guaranteed Student Loan program costs, but expands

educational financing alternative thought the private sector as students initiate relationships with employers. In 1985 at Illinois State University alone, 2142 students received $3,068,946 in additional Guaranteed Student Loan money because of this "replacement" provision. The cost the Federal government paid to lenders at Illinois State University alone was approximately $398,962. Therefore, we do oppose allowing a student to borrow a Guaranteed Student Loan against the family contribution regardless of income.

7. **Loan Consolidation** -- Although loan consolidation increases program cost by extending the repayment period, it also reduces default by making repayment more manageable. We support the National Association of Student Financial Aid Administrators' proposal of automatically increasing annual interest rates for consolidated loans and limiting the minimum allowable loan for consolidation to $7,500 or more under one program or $5,000 or more from two lenders.

8. **Degree Status** -- Current Guaranteed Student Loan regulations allow non degree seeking students to borrow under the Guaranteed Student Loan program. This allows informal academic decisions. We do not support requiring Guaranteed Student Loan recipients to be degree seeking. Degree status is required for all other Title IV programs.

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2. **Suggest an appropriate definition for independent students which recognizes the primary responsibility of the family to pay higher education costs.**

Since 1980, the number of independent aid recipients has increased, as has the average age of the student population. Admittedly, some students manipulate the current definition of independent student in order to transfer the financial responsibility for their education to federal and state governments. Changing the independent student definition, we will likely only marginally reduce the number of independent students. However, we could support revisions to the independent student definition as follows:

1. Require a student under the age of 23 by July 1 of an award year to provide parental data unless the student is an orphan, ward of the court, married, single with dependents, graduate student, professional student, a veteran, or determined independent by a financial aid officer.

2. Grant authority to aid officers to exercise professional judgement in exceptional cases to override the need for parental data. Exceptional cases include child abuse and sexual molestation.

3. The definition should apply to all Title IV programs including Pell Grant Program.

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3. **Recommend appropriate levels for both maximum grants in the Pell Grant program and annual accumulative debt levels in the GSL and the National Direct Student Loan programs.**

Pell -- We feel that the Pell Grant Program should continue to be administered as an entitlement which assures that needy students receive the full amount to which they are entitled. Therefore, a separate Pell need analysis formula is necessary.

The maximum award should be established at $3,000 and 60% of cost for 1986-87 academic year, with annual adjustments.

Guaranteed Student Loans -- On the one hand, it is inconceivable to concern ourselves with placing students in "indebtedness Risk," thereby encouraging default. On the other hand, we must remove barriers to spiraling costs so that students can obtain an education. Removing barriers is especially important for students who exhaust their loan limits in the senior year, or last year of professional school. We recommend annual loan limits of $2,500 for Freshmen, $3,000 for Sophomores, $4,000 for Juniors and Seniors, $6,000 for Graduate Students, and $8,000 for Professional school students; with aggregate loan limits of $15,000 for undergraduates, $30,000 for graduates, and $44,000 for professional school students

National Direct Student Loan (NDSL) -- We recommend continuation of current NDSL limits of $30,000, $6,000, and $12,000.

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4. **List any changes to the campus-based student aid programs which I believe would improve disbursement of these funds and their targetting on low- and middle- income students.**

Many of our recommendation for the campus based programs are mechanical; designed to improve program efficiency and simplicity. Specific to your question, we recommend reinstating the previous requirement that target the **Supplemental Educational Opportunity Grant** to student whose family contribution does not exceed 1/2 the costs of attendance. We also ask the elimination of the $200 minimum award, initial year/continuing year distinctions, and restrictions on uneven disbursements.

Previously, we suggested to you the elimination of new **National Direct Student Loan** Federal capital contribution on the assumption that most Illinois National Direct

Student Loan programs operated on revolving funds. Further research reveals Illinois institutions received on behalf of their students $7,839,817 in FY85, and $9,201,481 in FY86. We have not surveyed those institutions to analyze the impact of no new FCC. So we must retract our previous position. We ask that the Federal government continue to reimburse the 5% administrative cost allowance on funds advanced annually, and that the grace period be extended from six months to nine.

Probably, no other program has been as successful as **College Work Study Program** with virtually no reports of fraud and abuse. Institutions benefit by reduced labor costs. Most importantly, students benefit from "hands on" work experience. We recommend increased funding for the College Work Study program. The increase should be phased in for two years to allow institutions time to develop additional jobs. We also recommend allowing placement of students at profit-making educational institutions. Further Student College Work Study earnings at profit-making educational institutions cannot exceed 20% of the institutional Federal allocation. We endorse increasing the funds to be used for Job Location and Development to 20% of the College Work Study allocation up to $50,000.

Other Issues

In addition to the items upon which you asked me to focus, we ask to share others. I have listed them by topic or program.

1. **Pell - Advance funds to institutions** -- The October 6, 1985, regulations allow the Secretary to reimburse institutions after eligible students have been paid from institutional funds. Institutions must be able to rely on Pell funds without incurring liability; therefore, we ask that the statute require the Secretary to advance funds to institutions prior to the start of each payment period.

2. **Delivery System and Calendar** -- By delivery system, I mean literally everything necessary to apply for, analyze, and notify a student of the status of

the financial aid request. Delivery system includes counseling, forms, formulas, funding notices, payment schedules, availability of professional information, and validation requirements. It includes careful, accurate training. Appreciative though I am of the billions of dollars available for students, it is incomprehensible, and inconceivable that there does not exist as a prerequisite to this commitment, an on-going national training program. What other profession in the world gives that $2.3 billion portfolio to the willing but uninformed, and then audits them on the errors resulting from their ignorance? We are held accountable for not having the power to read minds. We recommend the reestablishment of funding for a national training program.

Ideally, the delivery system could include a calendar that would provide credible, reliable information two to three years in advance of college attendance. At a minimum, requirements must be in place by October 1 preceding a processing year. Even great ideas, conceived after October 1, should be postponed until the following year.

3. **Guaranteed Student Loans** -- Coupled with our increase cumulative borrowing limits is a need to extend the maximum repayment period to 15 years. We also support extending the grace period from six months to nine months, and the elimination of the origination fee.

4. **Trio** -- The Trio programs serve physically disabled and low income first generation college students by providing academic and counseling support services. We recommend continuation of the Trio programs with increased funding.

5. **Incarcerated Students** -- Currently, incarcerated students are potentially eligible for Title IV funds. Conversely, students not registered with the Selective Service or who owe as little as $100 on a defaulted student loan are not eligible.

The Illinois Department of Corrections provides educational services to inmates. The Illinois Department of Corrections also reduces their overhead by using Pell and State Grant funds to offset program costs. Inmates are frequently transferred out of the geographic area in which the educational institution offering courses is located. Consequently, the inmate fails the courses and valuable Federal funds are wasted.

Title IV funds should not be made available to incarcerated students. We do not offer this as a value judgement against incarcerated students, but we feel other avenues exist for rehabilitation that do not exist when Title IV funds are inadequate for traditional students.

6. Minority Mentorships

In addition to our recommendations to save costs, and streamline mechanics, we also offer a new idea for your consideration.

Demographic data presents a picture that the composition of society is changing. The birth rate for Caucasian Americans has declined while it has increases for Hispanics and Blacks. The 1986 Freshman class at Harvard is 13% Asian-American. Educational institutions must plan for these changing demographics my broadening their cultural base, raising their consciousness, feeling uncomfortable, accepting new standards and challenges. Students can actually teach institutions in this acculturation process by becoming more involved in the institution, its faculty, and its administration.

We recommend the creation of a new minority mentorship program, having as its goal the alignment of minority students with a "mentor" who would share philosophies, experiences, research, etc., with the student. The student would be paid a stipend of no less the $300 per semester for the mentorship. To be eligible, students must maintain at least a 2.5 cumulative grade point average on a 4.0 scale, and meet other general Title IV eligibility criteria. Institutions must match 25% of the Federal mentorship allocation. Further, the institution would be required to report on the goals, objections, and learning outcomes achieved of its mentorship program. We believe such a program would benefit the student and the institution while requiring a thoughtful commitment from the latter.

Senator Simon, my comments today in a large part represent a healthy and willing compromise from the financial aid community. We are tired of saying "I'm sorry, but . . . . ." to families. We are tired of the mistrust and lack of credibility this profession suffers. We treat seriously our role as protector of the taxpayer's investment. We also treat seriously our role as champion of the cause of the millions we serve. We support reasonable quality control in order to protect that interest. Our agenda, regardless of sector, is quite simple: to remove financial barriers so that eligible students can participate in learning at our institution. We believe that collectively, institutions, governments, and society have a responsibility to "Teach the Children."

Senator SIMON. Thank you.

Sharon Spence.

Ms. SPENCE. Mr. Chairman, my name is Sharon K. Spence. I am the director of Project Upward Bound at Northern Illinois University, and also president of the Illinois Association of Educational Opportunity Program Personnel.

I am pleased to have this opportunity to present Northern Illinois' Upward Bound Program and to comment on the effects of the reauthorization of the Higher Education Act and the reauthorization of Illinois Trio programs.

The special programs for students from disadvantaged background subpart authorizes five programs: Special Services, Upward Bound, Talent Search, Educational Opportunity Centers, Trio Program Personnel Training.

Five hundred and five thousand students are served throughout the United States under a 1985 appropriation of $174.9 million.

In Illinois 11 Upward Bound programs provide instruction and counseling services in preparation for success in higher education and six Talent Search Programs offer financial aid information and assistance with college applications to 10,900 secondary age students.

Special Services provide basic skill instruction and academic counseling for 5,077 students enrolled in 21 colleges and universities in Illinois.

I am told there are 38 Trio programs within the State of Illinois, which is bringing in nearly $5 million in Federal money to the State.

I would like to go into a closer view of our own program at Northern Illinois University real quickly.

Our program has been in existence for nearly 20 years at Northern Illinois University and has has excellent institutional and community support, particularly in terms of relations with area high schools.

The program itself has provided services for more than 1,300 disadvantaged high school students during its academic year and through its summer residential components.

Geographically, Northern Illinois' Upward Bound Program service area includes three counties within a 50-mile radius of NIU's campus: De Kalb, Kane, and Winnebago. The area comprises both rural and urban communities, with an economic base consisting of agricultural and industrial manufacturing incomes, in addition to service-oriented businesses.

The high schools we serve are located in the cities Aurora and Elgin in Kane County; De Kalb and Sycamore in De Kalb County; and Rockford in Winnebago County. Each city has individual characteristics that demonstrate the need for the university's services, and there is no other Upward Bound Program to serve this entire north central area of Illinois.

Just a brief description of the cities: Rockford, with a population of over 140,000, is the second largest city in Illinois and is a major industrial manufacturing center.

Rockford's unemployment rate is among the highest in the Nation, and this obviously has had a severe impact on the community, particularly on the existing low-income and minority populations, and has resulted in an increased number of potentially eligible Upward Bound students.

Northern Illinois' Upward Bound Program has served students in five high schools in Rockford for some 15 years, and we have an ever-increasing waiting list of applicants.

Aurora, with a population of over 81,000 is the next largest city in the service area of northern Illinois. Aurora has the largest concentration of Hispanics in the State of Illinois outside of Chicago. The base economy is a combination of manufacturing, industry and services, which have been severely impacted by plant shutdowns and general unemployment.

Elgin, with a population of nearly 64,000, has a large Indo-Chinese refugee population as well as Hispanics, which combined, create a significant limited English-speaking population.

Northern Illinois' Upward Bound Program was contacted by Elgin Community College to design and provide a special component focusing on services to eligible, limited English speaking students, in two area high schools.

Elgin's economic base is predominantly light manufacturing and service oriented, and the city also is severely impacted by higher than average unemployment.

Finally, the cities of De Kalb, with a population of over 34,000, and Sycamore, with nearly 10,000, are the local communities serviced by Northern Illinois' Upward Bound Program. Both are rural, agricultural communities, with the university being the major employer.

For many years, there was no participation in Upward Bound from these communities because of their relatively small disadvantaged and minority populations. However, within the past few years, due to the impacted economy and improved university-community relations, participation has been steady.

For the minority and the disadvantaged youth in this relatively isolated area, Upward Bound provides a strong support system and is raising the levels of aspiration and motivation of the participants.

To summarize very quickly, in Northern Illinois' Upward Bound Program service area and the cities in which schools are located, the following should be noted:

There is no other Upward Bound Program serving this entire region, nor is there any similar program in existence.

In spite of strong interest from each of the schools and their districts, and a recognition that disadvantaged and minority students require additional support services to enhance the possibilities for access to, and success in, postsecondary education, no other area institutions of higher education have attempted to develop similar programs.

Elgin Community College does have a Special Services (Trio) Program for enrolled students. However, Northern Illinois' Upward Bound Program has been asked to continue and to expand services for high school students.

The low-income minority and disadvantaged student population in these areas, as compared to the general population, evidences considerably higher dropout rates, academic underpreparation and tracking into noncollege preparatory courses. These areas form a group which, due to economic disadvantages, has traditionally been excluded from educational opportunities beyond the termination of secondary school.

Overcrowding and understaffing in the schools, accompanied by recent and continuing curtailment of staffing of services, due to the state of the economy of the State, makes it even more imperative that Upward Bound services continue to be provided for the school age population.

Each of the cities in these areas has specific problems impacting on the educational system and the low income and minority population—Rockford's excessive unemployment; Aurora's high concentration of Hispanic students; Elgin's influx of limited English proficiency persons, in addition to its Hispanic and black population; and De Kalb's and Sycamore's pockets of low-income, disadvantaged youth in a rural, relatively low income area.

During the past 20 years since the existence of Northern Illinois' Upward Bound Program, there have been many successes——

Senator SIMON. I do not mean to cut you off, but, if you can, would you summarize the balance of your presentation?

Ms. SPENCE. I should like at this point just to emphasize that there is a need for the Trio Program in the State, and that NCEO and the Illinois Association of Educational Opportunity Program Personnel, are in support of making these amendments to the authorization of the Higher Education Act.

One of these is that in making grants and contracts under the Trio subpart, the Secretary shall give the applicants' prior experience of service delivery under the particular program for which funds are sought a weighting of at least 13 percent.

Second, that for the purpose of making grants and contracts under the Trio subpart, there be authorized for appropriations: $400 million for fiscal year 1988; $450 million for fical year 1989;

$500 million for fiscal year 1990; $550 million for fiscal year 1991; and such funds as are necessary for fiscal year 1992.

Thank you.

[The prepared statement and additional material of Ms. Spence follow:]

Northern Illinois University
DeKalb, Illinois 60115

Project Upward Bound
815 753 1867

TESTIMONY OF

SHARON K. SPENCE

Director

Project Upward Bound

Northern Illinois University
DeKalb, Illinois

Before the

Subcommittee on Education, Arts, and Humanities

on reauthorization of the Higher Education Act

September 23, 1985

Northern Illinois University is an Equal Opportunity Affirmative Action Employer

Mr. Chairman and Members of the Subcommittee:

My name is Sharon K. Spence. I am Director of Project Upward Bound at Northern Illinois University and also President of the Illinois Association of Educational Opportunity Program Personnel. I am pleased to have this opportunity to present Northern Illinois' Upward Bound Program and to comment on the effects of the Reauthorization of the Higher Education Act, and the reauthorization of Illinois TRIO Programs.

For nearly 20 years, Northern Illinois' Upward Bound Program has enjoyed excellent institutional and community support, particularly in terms of relations with area high schools. The Program has provided services for more than 1300 disadvantaged high school students during its academic year and through its summer residential components.

Geographically, Northern Illinois' Upward Bound Program service area includes three counties within a 50 mile radius of NIU's campus: DeKalb, Kane and Winnebago. The area comprises both rural and urban communities, with an economic base consisting of agricultural and industrial manufacturing incomes, in addition to service-oriented businesses.

The high schools we serve are located in the cities of Aurora and Elgin (in Kane County), DeKalb and Sycamore (in DeKalb County), and Rockford (in Winnebago County). Each city has individual characteristics that demonstrate the need for the university's services, and there is no other Upward Bound Program to serve this entire north central area of Illinois.

To give you a brief description of these cities:
--Rockford (with a population of over 140,000) is the second largest city in Illinois and is a major industrial manufacturing center. Rockford's unemployment rate is among the highest in the nation and this obviously has had a severe impact on the community, particularly on the existing low-income and minority populations, and has resulted in an increased number of potentially eligible Upward Bound students.

Northern Illinois' Upward Bound Program has served students in five high schools in Rockford for some 15 years, and we have an ever increasing waiting list of applicants.

--Aurora (with a population of over 81,000) is the next largest city in Northern Illinois' service area. Aurora has the largest concentration of Hispanics in the state of Illinois, outside of Chicago. The base economy is a combination of manufacturing, industry and services, which have been severely impacted by plant shutdowns and general unemployment.

--Elgin (with a population of nearly 64,000) has a large Indochinese refugee population, as well as Hispanics, which combined create a significant limited English-speaking population. Northern Illinois' Upward Bound Program was contacted by Elgin Community College to design and provide a special component focusing on services to eligible, limited English-speaking students in two area high schools. Elgin's economic base is predominantly light manufacturing and service-oriented, and the city also is severely impacted by higher than average unemployment.

Finally, the cities of DeKalb (with a population of over 34,000) and Sycamore (with nearly 10,000) are the local communities serviced by Northern Illinois' Upward Bound Program. Both are rural, agricultural communities with the university being the major employer. For many years, there was no participation in Upward Bound from these communities because of their relatively small disadvantaged and minority populations. However, within the past few years, due to the impacted economy and improved university-community relations, participation has been steady. For the minority and disadvantaged youth in this relatively isolated area, Upward Bound provides a strong support system and is raising the levels of aspiration and motivation of participants.

To summarize this capsule description of Northern Illinois' Upward Bound Program service area and the cities in which schools are located, the following should be noted:

--There is no other Upward Bound Program serving this entire region; nor is there any similar program in existence.

--In spite of strong interest from each of the schools and their districts, and a recognition that disadvantaged and minority students require additional support services to enhance the possibilities for access to, and success in post-secondary education, no other area institutions of higher education have attempted to develop similar programs. Elgin Community College does have a Special Services (TRIO) Program for enrolled students. However, Northern Illinois' Upward Bound Program has been asked to continue and to expand services for high school students.

--The low-income minority and disadvantaged student population in these areas, as compared to the general population, evidences considerably higher dropout rates, academic underpreparation, and tracking into non-college preparatory courses. These areas form a group which, due to economic disadvantages, has traditionally been excluded from educational opportunities beyond the termination of secondary school.

--Overcrowding and understaffing in the schools, accompanied by recent and continuing curtailment of staffing and services (due to the State's economy), makes it even more imperative that Upward Bound services continue to be provided for the school-age population.

--Each of the cities in these areas has specific problems impacting on the educational system and the low-income and minority population: Rockford's excessive unemployment; Aurora's high concentration of Hispanic students; Elgin's influx of limited English proficiency persons in addition to its Hispanic and Black population; and DeKalb and Sycamore's "pockets" of low-income, disadvantaged youth in a rural, relatively low-income area.

During the past 20 years, since the existence of Northern Illinois' Upward Bound Program, there have been many successes, such as: Dr. Wilbur Campbell, who is an associate professor in the Department of Business Education and Administrative Services at Southern Illinois University-Edwardsville; Mr. Ira Neal, who is a budget analyst in Administrative Planning at Governor's State University; and Joel Shinault, who is Director of Special Services at Illinois State University.

Students who completed Northern Illinois' Upward Bound Program also are currently enrolled in Northwestern University, Monmouth College, MacMurray College, DePaul University, Wesleyan of Nebraska, as well as at Northern Illinois and other institutions.

Current funding enables us to serve only 85 students during the academic year, and only 60 in our summer residential component. This is less than 10 per cent of the population in the northern Illinois area that Upward Bound could serve. Furthermore, with the current level of funding, we are not even serving the same amount of students as in 1980, although there is an increase in the number of eligible applicants.

Thus, within a five-year projection, the 38 Illinois TRIO programs currently serving nearly 17,000 disadvantaged students could become only 5 Upward Bound Programs serving merely 420 youth. The impact is overwhelming when we consider that Upward Bound Programs will be celebrating 20 years of service to disadvantaged students. On the occasion of this auspicious anniversary, it would be a sin and a shame to witness the virtual demise of the programs. Without question, you and I must become advocates for Illinois' disadvantaged youth.

The Illinois Association of Educational Opportunity Program Personnel fully supports the amendments to the reauthorization of the Higher Education Act as proposed by the National Council of Educational Opportunity Associations:
--that in making grants and contracts under the TRIO subpart, the Secretary shall give the applicant's prior experience of service delivery under the particular program for which funds are sought a weighting of at least 13%.
--that for the purpose of making grants and contracts under the TRIO subpart, there be authorized for appropriations:
$400,000,000 for fiscal year 1988,
$450,000,000 for fiscal year 1989,
$500,000,000 for fiscal year 1990,
$550,000,000 for fiscal year 1991,
and such funds as necessary for fiscal year 1992.

Thank you.

Illinois TRIO Programs

1984-85

Institution: Illinois Eastern Community College
Program: PH Spec. Services Funding: $75000
Director: Nancy Wallace # Served: 200
Address: 305 N. West First Funded: 1984
City: Olney State IL ZIP 62450
Phone: 618-395-4351 Ext. 257 Congressional District 19

Institution: Black Hawk College
Program: Special Services Funding: $91961
Director: Ms. Elaine Coffey # Served: 240
Address: 6600 34th Avenue First Funded: 1979
City: Moline State IL ZIP 61265
Phone: 309-796-1311 Ext. 328 Congressional District 19

Institution: Blackburn University
Program: Special Services Funding: 66300
Director: Dr. Charles Bruckerhoss # Served: 160
Address: 700 College Avenue First Funded: 1984
City: Carlinville State IL ZIP 62626
Phone: 217-854-3231 Ext. 249 Congressional District 20

Institution: Chicago State University
Program: Special Services Funding: $105000
Director: Dr. Edward Eddie, Interm Director # Served: 210
Address: Robinson Library R-m 302 95th at Kin First Funded: 1978
City: Chicago State IL ZIP 60628
Phone: 312-995-3864 Congressional District 1

Institution: City-Wide College of Chicago
Program: Special Services Funding: $216000
Director: David Henry # Served: 400
Address: 30 East Lake Street First Funded: 1979
City: Chicago State IL ZIP 60601
Phone: 312-984-3216 Congressional District 1

Illinois TRIO Programs

1984-85

Institution: Elgin Community College
Program: Special Services
Director: Ms. Patricia Milgrim
Address: 1700 Spartan Drive
City: Elgin State IL ZIP 60120
Phone: 312-697-6091 Congressional District 14
Funding: 122000
Served: 500
First Funded: 1976

Institution: Illinois State University
Program: Special Services
Director: Francene Gilmer
Address: 411 W. Willow
City: Normal State IL ZIP 61761
Phone: 309-438-7646 Congressional District 15
Funding: $97254
Served: 225
First Funded: 1980

Institution: John A. Logan College
Program: Special Services
Director: Dr. Dollean York
Address:
City: Carterville State IL ZIP 62918
Phone: 618-985-3741 x289 Congressional District 22
Funding: $78000
Served: 180
First Funded: 1977 for 2 y
Newly Funded: 1984

Institution: Joliet Junior College
Program: Special Services
Director: Ms. Yvette Pitchlyn
Address: 1216 Houbolt Avenue
City: Joliet State IL ZIP 60436
Phone: 815-729-9020 x455 Congressional District 4
Funding: $108995
Served: 175
First Funded: 1980

Institution: Knox College
Program: Special Services
Director: Ms. Karyan Halloran
Address: Box 109
City: Galesburg State IL ZIP 61401
Phone: 309-343-0112 x207 Congressional District 47
Funding: $54269
Served: 97
First Funded: 1977

Illinois TRIO Programs

1984-85

Institution: Lewis and Clark Community College
Program: Special Services
Director: Mr. Nicholas Moehn
Address: 5800 Godfrey Road
City: Godfrey
Phone: 618-466-3411 x364
State IL ZIP 62035
Congressional District 20
Funding: $93159
Served: 225
First Funded: 1981

Institution: Monmouth College
Program: Special Services
Director: Ms. Pat Conrad
Address: 700 East Broadway
City: Monmouth
Phone: 309-457-2164
State IL ZIP 61462
Congressional District 17
Funding: $38874
Served: 90
First Funded: 1974
(ACM grant)
Institutional Award 1983

Institution: National College of Education
Program: Special Services
Director: Ms. Peggy Meyer
Address: 18 South Michigan
City: Chicago
Phone: 312-621-9693
State IL ZIP 60603
Congressional District 1
Funding: $75000
Served: 200
First Funded: 1984

Institution: Northeastern Illinois University
Program: Special Services
Director: Ms. Alfreda Williams
Address: 5500 N. St. Louis Avenue
City: Chicago
Phone: 312-583-4050 x397, 550, 551
State IL ZIP 60625
Congressional District 11
Funding: $111223
Served: 250
First Funded: 1976

Institution: Northern Illinois University
Program: Special Services
Director: Ms. Bernadine S. Chapman
Address: Williston Hall East
City: DeKalb
Phone: 815-753-1141 or 0581
State IL ZIP 60115
Congressional District 14
Funding: $148923
Served: 400
First Funded: 1971

Illinois TRIO Programs

1984-85

Institution: Roosevelt University
Program: Special Services
Director: Ms. Doris C. Harmon
Address: 430 South Michigan Avenue
City: Chicago
State IL ZIP 60605
Phone: 312-341-3875
Congressional District 7
Funding: $120897
Served: 250
First Funded: 1978

Institution: Southern Illinois University-Edwardsville
Program: Special Services
Director: Ms. Assie Bishop
Address: P. O. Box 53A
City: Edwardsville
State IL ZIP 62026
Phone: 618-692-3701
Congressional District 22
Funding: $140516
Served: 300
First Funded:

Institution: St. Augustine Community College
Program: Special Services
Director: Margarita O'Ferral
Address: 1333 W. Arglye
City: Chicago
State IL ZIP 60640
Phone: 312-878-8756
Congressional District 9
Funding: $85000
Served: 200
First Funded: 1984

Institution: State Community College
Program: Special Services
Director: Mr. Warren Mitchell
Address: 601 Thompson Blvd.
City: East St. Louis
State IL ZIP 62201
Phone: 618-274-6666 x311
Congressional District 21/22
Funding: $108648
Served: 275
First Funded: 1973

Institution: Triton College
Program: Special Services
Director: Dr. Sunil Chand
Address: 2000 5th Avenue
City: River Grove
State IL ZIP 60171
Phone: 312-456-0300 x484
Congressional District 8
Funding: $111000
Served: 350
First Funded: 1978

Illinois TRIO Programs

1984-85

Institution: University of Illinois
Program: Special Services
Director: Mr. Michael Jeffries
Address: 130 Student Services Building
City: Champaign State IL ZIP 61820
Phone: 217-333-0054 Congressional District 19
Funding: $96917
# Served: 150
First Funded: 1971

Institution: ASPIRA Inc. of Illinois
Program: Talent Search
Director: Ms. Aida Sanchez
Address: 3432 W. Diversey
City: Chicago State IL ZIP 60647
Phone: 312-252-0970 Congressional District 8
Funding: $183,000
# Served: 1500
First Funded: 1975

Institution: Ada S. McKinley Community Services, Inc.
Program: Talent Search
Director: Mr. Silas Purnell
Address: 2961 S. Dearborn
City: Chicago State IL ZIP 60616
Phone: 312-225-3477 Congressional District 9
Funding: $179391
Served: 3800
First Funded:

Institution: Black Hawk College
Program: Talent Search
Director: Ms. Austine Ellis
Address: 6600 34th Avenue
City: Moline State IL ZIP 61265
Phone: 309-796-1311 x242 Congressional District 19
Funding: $96206
Served: 800
First Funded: 1980

Institution: Educational Center of East St. Louis
Program: Talent Search
Director: Barbara Sams
Address: 4700 State Street
City: East St. Louis State IL ZIP 62205
Phone: 618-271-7015 Congressional District 23
Funding: $75271
Served: 1100
First Funded: 1970

Illinois TRIO Programs

1984-85

Institution: Joliet Junior Community College
Program: Talent Search
Director: Ms. Kathleen Bolden
Address: 1216 Houbolt Road
City: Joliet State IL ZIP 60436
Phone: 815-740-3320 Congressional District 4

Funding: $82000
Served: 1000
First Funded: 1982

Institution: Southern Illinois University-Carbondale
Program: Talent Search
Director: Mr. Bill Pyle
Address: 910 South Wall Street
City: Carbondale State IL ZIP 62901
Phone: 618-453-5382 Congressional District 22

Funding: $105406
Served: 2700
First Funded: 1966

Institution: Chicago State University
Program: Upward Bound
Director: Mr. Tendaji Ganges
Address: 95th Street at King Drive
City: Chicago State IL ZIP 60628
Phone: 312-995-2566 Congressional District 1

Funding: $221299
Served: 85
First Funded: 1966
at Northwestern University
then moved to Chicago
State University 1982

Institution: Lewis University
Program: Upward Bound
Director: Mr. Kenneth W. Wiggins
Address: Route 53
City: Romeoville State IL ZIP 60441
Phone: 815-838-0500 Congressional District 4

Funding: $153795
Served: 50
First Funded: 1978

Institution: Loyola University of Chicago
Program: Upward Bound
Director: Mr. William Davis
Address: 1041 West Loyola Avenue
City: Chicago State IL ZIP 60626
Phone: 312-274-3000 Congressional District 9

Funding: $201764
Served: 100
First Funded: 1966

Illinois TRIO Programs

1984-85

Institution: Northern Illinois University
Program: Upward Bound
Director: Ms. Sharon Spence
Address: 140 Carroll Avenue B3
City: DeKalb State IL ZIP 60115
Phone: 815-753-1867 Congressional District 14
Funding: $180284
Served: 85
First Funded: 1967

Institution: Roosevelt University
Program: Upward Bound
Director: Mr. Clifton Washington
Address: 430 South Michigan Avenue
City: Chicago State IL ZIP 60605
Phone: 312-341-3877 Congressional District 3
Funding: $196200
Served: 65
First Funded: 1966

Institution: Southern Illinois University-Carbondale
Program: Upward Bound
Director: Fred Hamilton
Address: C310 Woody Hall
City: Carbondale State IL ZIP 62901
Phone: 618-453-3354 Congressional District 22
Funding: $144600
Served: 50
First Funded: 1978

Institution: Southern Illinois University-Edwardsville
Program: Upward Bound
Director: Ms. Betty Lee
Address: 411 E. Broadway
City: East St. Louis State IL ZIP 62201
Phone: 618-271-3000 x52 Congressional District
Funding: $278259
Served: 150
First Funded: 1977
National Demonstration Project
PUB: 1983

Institution: University of Chicago
Program: Upward Bound
Director: Mr. Larry Hawkins
Address: 5845 South Ellis/GB 113
City: Chicago State IL ZIP 60637
Phone: 312-753-2761 Congressional District 1
Funding: $228465
Served: 125
First Funded: 1966

Illinois TRIO Programs

1984-85

Institution: University of Illinois
Program: Upward Bound
Director: Mr. Ronald Woolfolk
Address: 610 E. John Street
City: Champaign
Phone: 217-333-0054
State IL ZIP 61820
Congressional District 19
Funding: $151830
Served: 55
First Funded: 1966

Institution: University of Illinois-Chicago Circle
Program: Upward Bound
Director: Mr. John Long
Address: P. O. Box 4348
City: Chicago
Phone: 312-996-5045
State IL ZIP 60680
Congressional District 7
Funding: $185531
Served: 80
First Funded: 1966

Institution: Lakeland Community College
Program: Vet Upward Bound
Director: Mr. John Donaldson
Address: South Route 45
City: Matton
Phone: 217-235-3131
State IL ZIP 61938
Congressional District 19
Funding: $103217
Served: 50
First Funded: 1980

Institution:
Program:
Director:
Address:
City:
Phone:
State ZIP
Congressional District
Funding:
Served:
First Funded:

Institution:
Program:
Director:
Address:
City:
Phone:
State ZIP
Congressional District
Funding:
Served:
First Funded:

Illinois TRIO Programs
Fact Sheet
1984-85

SPECIAL SERVICES	Total # 21	Funding: 2,144,936 # Served: 5,077
TALENT SEARCH	Total # 6	Funding: 721,274 # Served: 10,900
UPWARD BOUND	Total # 11	Funding: 2,045,244 # Served: 895
TRIO PROGRAMS	Total # 38	Funding: 4,911,454 # Served: 16,872

Senator SIMON. Thank you, Ms. Spence.

Finally, Mr. Jepsen.

Mr. JEPSEN. Senator Simon, my name is Keith Jepsen, and I am deputy executive director of the Illinois State Scholarship Commission.

Beside me is Mr. Tom Breyer, who is in charge of our Federal relations.

We are pleased to be invited to appear before you today to present testimony on the reauthorization of the Higher Education Act, and I will try to summarize my remarks and keep them within the allotted time.

You requested our comments on the four points in your September 6, 1985, invitation, as well as to touch on some other issues important to us.

No. 1 was whether or not we should have a single formula in student aid programs. Our answer, very briefly, is no, we do not think you should have one formula. We think there should be one system, however.

We differentiate between the "formula" and the "system" basically in this way: We think that students should begin the entire process of the student financial aid search by filling out one form, which would go to a national data base, the central processing system, and from there all the participants in the student aid process—the States, the Federal Government, the schools—all would get their information, and even though we all would have the exact same information, we would treat the information with a different formula.

In other words, we would use a different formula on the same data that the central processor is using to calculate Pell grant eligibility. The schools also use this same data to apply different eligibility criteria for campus aid.

The uniform methodology, obviously, is the preferred formula for the campus-based money. It cannot be at the State level for State grants, for the same reasons the Federal Government cannot use that exact same formula for the Pell grants, because it would vary significantly, redistribute student aid in the United States, and we all want to make sure where that money would go before we implement such a policy.

We would say, though, for GSL that uniform methodology would be appropriate as long as the student could borrow the family contribution that that methodology would calculate.

I want to make a side comment, a special thanks from the ISS Commission to you, Senator, for your efforts in making sure that the central processing system remains intact. As you know, we depend very heavily on that system. And, as we sit here, we are about to embark on the fifth year of that system, which has been a very successful one.

Three hundred twenty-seven thousand students this year will apply through that system in the State of Illinois, and about half of them are filling out the free Federal application.

We would very much like to see that system stay in place.

It also speaks to your second major point, and the question you asked us about, which is how we might improve public awareness about student aid, Federal and State.

One of our main points is that with a "one application" system, more people can get into the system and get the right aid. As it relates to the grant and loan distinction, we think that if all students who applied to GSL would first have gone through the Federal Pell grant and the State aid process, we would have significantly less borrowing needlessly. We hear horror stories, and I am sure you get them all the time, about people who borrowed when they did not need to, people who could have gotten grants or scholarships or other assistance.

You asked us specifically to give you a list of suggestions on how we might improve public awareness. On page 4 of the testimony we start with a list of about four or five or six suggestions.

One that I think is of particular note, on page 4, is that the Illinois State Scholarship Commission and its staff now is beginning what we are calling financial aid resource centers here in the city of Chicago. And that is reaching into the local neighborhoods, where our staff are training high school counselors and other community agency workers in the student aid process We are seeing some early signs of success, where that can be applied elsewhere.

One of the suggestions on this topic that we would like to underscore is the need for two separate publications. You see on page 5, a couple of paragraphs down, the comprehensive source document for high school counselors that describes the total financial aid system, the total financial aid process, which we think would be of assistance, as well as an easy-to-understand guide for students and parents.

Your third question of us dealt with SSIG and its importance in the State of Illinois. Very briefly, about $31 million has come to Illinois over the last 10 years or so, enabling about 35,000 students to receive grants that otherwise they might not have received, enabling them to attend over 170 public and private institutions in this State.

We have a little bit of a problem with the $2,000 cap on SSIG.

In our State the State grant is now $2,850. So if SSIG is preserved, and we hope it is, we would like to see this cap be able to ride with whatever is the State maximum in the State where the SSIG funds are administered.

The principal advantage of SSIG, of course, is the leveraging principle, which enables really all the taxpayers to stretch their dollars.

The requirement forces a 1-for-1 match, and our State has 25 to 1. In other States, if SSIG is pulled out, I think you would see the collapse of the State grant program in the States.

The fourth question or issue that you asked us to address is the so-called Ford amendment, and the availability of student loan capital through tax-exempt bond financing.

We speak of it in our testimony on pages 6, 7, and 8, but to summarize briefly, I will tell you that that was a very good idea, initially, which has kind of gotten out of hand.

The story, I guess, would be highlighted if you look at the top of page 7. You will see that of the $5.7 billion that has been requested from State agencies throughout the country, only 44 percent has been approved, and some of the requests in interrogatories back and forth between the department and State agency date back as far as November 1983.

In our own case, thanks to your good offices and your colleagues in the Senate and the House we finally have gotten approval for tax-exempt financing, and you will see in paragraph 2 on page 7 that after nine tries, submissions, questions, meetings, and a very long process, we finally have gotten this approval.

By the time we got the approval, we were perilously close to shutting down the entire secondary market in the State of Illinois, laying off dozens of people, notifying 1,200 lenders that we were going to go out of business.

So we have some pretty strong opinions about the process.

As we said earlier, the tax writing committees which had not yet acted, when the restrictions were put on, have acted, and, in fact, every State has a cap, as you know, and we think probably that would be a way to go.

Let the cap take control of making sure that excessive tax-exempt credit is not issued.

Those are the four points you asked us to address. We have four of our own. I will not spend a lot of time on it, but I think you can see, just from skimming them, that there are two or three themes in those points. One is that the department itself sometimes, while well-intentioned, I am sure, goes way beyond the intent of the Congress.

Several points that are illustrated in that regard are listed there.

The one point I would like to highlight, though, is with regard to the definition of independent student on page 9. As we testified before you in October 1983, when you were in the House, our story is essentially the same. In fact, we have since that time researched to corroborate some of our hunches a couple of years ago. The problem is not the definition. Indeed, as other witnesses have testified before you before, there are more and more legitimate independent students, and we think a very simple cross-year edit put into the national data processing system of the Federal Government which would prevent students from changing from dependent in 1 year to independent in the next year, would solve that problem.

We would give you some evidence to support that at some point if you would like.

We very much would like to answer any questions you might have.

[The prepared statements of Mr. Jepsen and Mr. Breyer follow:]

TESTIMONY OF

DR. KEITH J. JEPSEN

DEPUTY EXECUTIVE DIRECTOR

ILLINOIS STATE SCHOLARSHIP COMMISSION

BEFORE THE

HONORABLE PAUL SIMON

FOR THE

SUBCOMMITTEE ON EDUCATION,

ARTS, AND HUMANITIES

UNITED STATES SENATE

CONCERNING MATTERS RELATING TO THE

REAUTHORIZATION OF THE

HIGHER EDUCATION ACT

SEPTEMBER 23, 1985

Senator Simon, my name is Keith Jepsen, and I am Deputy Executive Director of the Illinois State Scholarship Commission. Larry Matejka, ISSC's Executive Director, sends his personal regards and apologies for not being here today; but as your staff knows, Larry is at this hour assisting Chairman Barr in conducting a public meeting of the Commission scheduled for Springfield many months ago.

Before joining ISSC four years ago, I worked nine years at American College Testing Program, Inc. (ACT) where, as Assistant Vice President and Director of Operations, one of my departments operated the central processing system under the then BEOG contract. Another of my large departments was ACT's Student Need Analysis Service. Prior to ACT, I was a counselor and instructor at Indiana University and before that a financial aid administrator and instructor at Illinois State University.

With me today is Mr. Tom Breyer, one of my senior managers at ISSC, responsible for, among other duties, assisting with federal relations. Prior to joining the Commission, Tom served as Executive Director of the Illinois Independent Higher Education Loan Authority and before that directed the administration of financial aid programs for the Chicago campus of Northwestern University.

We were pleased to be invited to appear before you today to present testimony on the reauthorization of the Higher Education Act. As you requested, our comments will specifically address the four points in your September 6, 1985 invitation as well as touch on some other issues important to us.

(1) Advisability and feasibility of a single need analysis or one formula for determining student eligibility for federal student aid.

This is a complex issue about which much has been written (latest ACT paper attached), but the short answer, in our view, is that one system is both advisable and feasible. One formula, however, is not advisable although operationally feasible. It is not advisable primarily because of how significant student aid dollars would be redistributed among income groups.

Note the distinction we make between the student aid delivery system and the need analysis formula or eligibility criteria used in the system. We think the system ought to begin with one student aid application filled out once a year by each student for all student aid programs. The data on that one form should, however, be analyzed differently for the various student aid programs. Thanks in large part to you and your staff, we are almost to this point in Illinois. Because a student in our state completes an application for a Pell Grant, we get his/her data from the central processor and then consider him/her for the state grant without additional paper work. We use a different formula on the same data that the central processor is using to calculate Pell Grant eligibility. The schools also use this same data to apply different eligibility criteria for campus aid.

Similarly, we think that some day soon there ought not to be another application required for GSL, no matter what eligibility formula Congress decides upon. Our own view is that the Uniform Methodology should be used for a required GSL "needs test" as long as a student could be allowed to borrow the "family contribution" (subject to a new loan maximum) that the formula yields. It is "self help" after all.

So, as you can see, the one form/one system would allow all parties in the so-called federal, state, institutional partnership to do different calculations - ED for Pell Grant, the state for SSIG and other state grants, and the campus administrator for SEOG, CWS, and NDSL.

Incidentally, we very much appreciate your support in making sure that there is not an elimination of the central processor. As we wrote you on May 3 and August 1, this is vitally important not only to Illinois but to everyone who wants some day to see an integrated student aid delivery system, ISADS, as some are calling it. Such a system would also include GSL and would help all of us prevent defaults on student loans.

We think a simple and well publicized system, such as ISADS, will go a long way toward addressing your second issue, awareness of student aid availability, particularly among low income applicants. As evidence of this, we note that during the first year of ISSC's "piggyback Pell" system, for example, the number of grant applicants went from 175,702 to 289,350. Next year we expect 327,000 applicants, an 86% increase over just a few years. By the way, about half our students (particularly in the Chicago city colleges and community colleges throughout Illinois) now complete the federal application - another reason why we don't want the central processing system eliminated.

Not only would a "one application" system provide much needed simplicity, but it would also facilitate the automatic consideration of each applicant for all forms of student financial aid for which he or she might be eligible. This would eliminate unnecessary borrowing on the part of grant-eligible students, reducing the loan burdens on our neediest students and avoiding potential loan defaults. When you make it easy, more people get into the system and get the right aid. The word spreads.

(2) Other Ways to Improve Public Awareness About Federal and State Student Assistance

The issue of public awareness about and availability of student aid information at both state and federal levels is one which also needs to be addressed in the reauthorization process. The recent studies of the National Student Aid Coalition which resulted in the publication, Closing the Information Gap: Ways to Improve Student Awareness of Financial Aid Opportunities, point to the problem as it confronts us nationally, specifically in the area of minority and economically disadvantaged students. This is not a new problem! The Coalition's study is only the most recent of a number of national studies which focus attention on this serious social problem. In the late 60's and early 70's, the Fund for the Improvement of Post-Secondary Education (FIPSE) initiated a series of in depth studies which began pointing out the results which recent analyses have confirmed, "... information on student aid programs often does not reach the individuals who most need the aid - disadvantaged, minority and non-traditional students."

Our staff has seen this first hand in Head Start and community action centers, in high schools, and post-secondary institutions. The message is not always reaching those that need it the most.

While visiting high schools, it is apparent to us that in many instances, up-to-date and complete information on student aid programs is not reaching the inner cities and other communities with heavy concentrations of disadvantaged and minority students. In addition, financial aid information is not always provided early enough in the high school years. Early information is especially critical for disadvantaged students who, without this knowledge, are likely to downgrade their educational plans or not attend at all.

Non-traditional students, e.g., the working mother, the factory worker who wants retraining, the high school graduate who decides to work a few years before continuing his/her education, face a lack of information on aid. The irony of this fact is that these non-traditional students are the fastest growing component of post-secondary enrollments.

Another problem facing potential students is that of out-of-date, inaccurate, or hard to understand information. Frequently changing rules and funding levels, overloaded counseling systems, the complexity of the application process in some other states, and the diversity of financial aid programs - all frustrate the would-be student.

How can we address this issue of information dissemination and raise the awareness level of the public at large of the availability of student aid programs? It isn't an easy or simple task, but it can be done!

First, we can capitalize on the work that has been done by the Coalition and others in identifying the problem areas and focusing our resources on those sectors. The materials developed by the Coalition are excellent tools if produced and utilized at the appropriate levels.

Second, there is a need for a cooperative approach by many constituency groups, i.e., financial aid administrators, state agencies, higher education associations, private industry, etc. One example of this approach is the recent advent of Financial Aid Awareness Week(s) (Months), with mass media advertising and student publications, to raise the awareness of and understanding about the availability of aid. News releases, public service announcements, and other promotional materials can be developed cooperatively and the costs shared.

Third, there is a need to develop new approaches and an information dissemination system to reach the non-traditional students. One approach currently being developed is that of Chicago area financial aid resource centers. Existing community agencies are working with the Illinois State Scholarship Commission to provide financial assistance information in the local neighborhoods. Staffs of the community agencies are receiving training from ISSC staff and are establishing closer contacts with area high school counselors. In another vein, industry publications can provide articles in their publications for employees.

Fourth, students need to be contacted earlier regarding the availability of financial assistance. Seventh and eighth graders need to start thinking about possible career paths and how they might finance those educational aspirations.

Fifth, we must keep in mind that there is a need to improve the general quality of financial aid information that all students receive. Two sorely needed publications are: a) a comprehensive source document for high school counselors that describes the total financial aid system, and b) an easy-to-understand guide for students and parents.

Cooperatively, the information dissemination process can be improved. And, to the extent that automatic consideration for a wide variety of financial aid sources can be achieved via a "one application" system, the negative consequences to those students not adequately reached by appropriate information can be minimized.

(3) Continuing the State Student Incentive Grant (SSIG) Program and Its Importance to Illinois Students.

Since its inception in Illinois during the 1974-75 academic year, Illinois has received over $31 million in federal SSIG funding. Illinois has used these funds to make grants to approximately 35,500 needy Illinois undergraduates to attend over 170 public and private institutions in this state. Clearly, SSIG has been a very important program enabling many Illinois students with significant financial need to be able to finance their higher educations.

ISSC experiences some difficulty with the $2,000 cap because we make larger awards to many students at private institutions and current regulations limit the way we can spend the SSIG funds. If SSIG is preserved, we suggest the cap be increased to whatever a state's grant maximum is for a given school year - in our case $2,850 for 1985-86.

The leveraging principle in SSIG is, in our view, its central feature. This principle should be continued, regardless of the future of SSIG. This leverage is created by the matching of federal aid dollars on at least a one-to-one, and in the case of Illinois a twenty-five to one, basis by the states. This results in a significantly greater amount of student assistance available than federal dollars alone could provide. If the federal dollars are withdrawn, in some states (not Illinois) the state dollars may be withdrawn as well.

We believe that the student aid funding currently provided through SSIG should not be lost, regardless of the fate of SSIG itself. The funds could be used in Pell, SEOG or some categorical grant direct to the states. But because these dollars are important to many thousands of students, the dollars themselves should be preserved.

(4) The "Ford Amendment" and the Availability of Student Loan Capital Through Tax-exempt Bond Financing.

As you are well aware, in September of 1983, the Department of Education issued Bulletin 83#L-81E, entitled "New Legislative Requirements Applicable to Student Loan Authorities Issuing Tax-Exempt Obligations." This bulletin was the first step in implementing a rigorous approval process for the issuance of tax-exempt student loan bonds under the provisions of the Student Loan Consolidation and Technical Amendments Act of 1983 (P.L. 98-79), more commonly known as the "Ford Amendment."

Citing the remarks of Congressman Ford as their primary authority to act, the U.S. Department of Education unleashed a phenomenally complex procedure which agencies must satisfy in order to obtain the right to receive Special Allowance Payments (SAP) on loans financed with the proceeds of tax-exempt obligations. Final regulations governing this procedure, as published in the Federal Register of February 8, 1985, provide 33 pages of minute detail on what must be provided to the Department in order to obtain the approval without which many state agencies cannot operate. In implementing the specific details, we fear the Department may have lost sight of the initial policy intentions.

How difficult has this process proven to be? As of August 16, 1985, requests for financing had been submitted in the aggregate amount of $5.7 billion. Of this amount, requests had been approved for only $2.3 billion, or 43.9% of the total. Of those requests still pending, applications date back as far as November of 1983. Agencies have been required to provide as many as 14 supplemental submissions after the original request.

In Illinois, we are very fortunate to have received (on September 10, 1985) approval to roll over existing financing as well as to issue new debt. The letter of approval from the Department referenced our submissions of April 23, May 24, June 14, July 12, July 30, July 31, August 9, August 16, and August 22, 1985. Needless to say, this was an extremely frustrating and time consuming process.

By the time we received approval, both of our existing financings had already come due. We were within days of having to notify our participating lenders of our potential suspension of secondary market activities, and within weeks of having to discontinue the services of employees in our secondary market. And yet, we were lucky - we ultimately did receive approval - this time. As the statistics show, the majority of agencies have not.

As is often the case with such ventures, the original intent was most commendable. Mr. Ford and Congress were attempting to curb abuses by agencies that issued tax-exempt bonds in excess of their legitimate requirements, thereby unnecessarily depriving the federal treasury of significant tax revenues. In its zeal to control such improprieties, however, the Department has trod perilously close to choking off the legitimate needs of the vast majority of responsible agencies whose operations are necessary to maintain the uninterrupted flow of loan capital to our nation's students. You have recently heard testimony from a number of these students, and you know what a difference guaranteed student loans have made to them.

While Congressman Ford praised the original intent and has continued to support the need for controlling over-issuance, he has been quoted by _The Chronicle of Higher Education_ as observing that the Department "was carrying its enforcement of the amendment to the ridiculous."

The process lacks clarity, direction, and purpose, and is now sorely in need of Congressional oversight. The Reauthorization process provides an opportunity to reestablish some control over this process, to provide some standards of management and performance. In short, the Department of Education must have some accountability to someone for its actions or inactions in this area.

Furthermore, at the time these restrictions were first introduced in late 1983, there were few limitations on the ability of student loan agencies to issue tax-exempt bonds. However, in 1984, the tax-writing committees of the Congress addressed this situation in the Deficit Reduction Act (P.L. 98-369), which introduced state-by-state volume caps on the issuance of tax-exempt "private activity" debt. Therefore, there is now in place at the state level a powerful rationing process through which each state can allocate a limited amount of bonding authority to only the most worthy and necessary uses. In summary, there is significantly less need today for the Department of Education's direct oversight in matters of protecting tax revenues.

OTHER ISSUES

(5) ACA

The lack of accountability evidenced in the process of approving tax-exempt bonds is not an isolated instance where the Department appears to be operating solely by its own agenda. In its unilateral decision to refuse to pay funds allocated for Administrative Cost Allowances in the Fiscal Year 1985 supplemental appropriations, the Department has again acted with seeming disregard to the protests of Congress and the guarantee agencies, jeopardizing our continuing efforts at attempting to improve default prevention and collections. The Secretary must apparently be ordered to release these funds in accordance with their intended purposes.

(6) IRS Offset

And, once again, in the case of the Department's IRS Income Tax Refund Offset initiative, we have the potential of a laudable program being subverted through misimplementation. Again, as with the Ford amendment, we have a common goal that we can all agree to, but the Department, on questionable authority, is attempting to force adherence to procedures established without the valuable input of other parties with legitimate interests. Read ED's September, 1985 letter (85-G-#72) on this subject as evidence.

While it is regrettable to have to put specific program details into statute (administrators should ordinarily be allowed flexibility), occasionally this becomes the only way to achieve accountability and desired policy results.

(7) The Definition of Independent Student

As we said in our August 1, 1985 testimony before the House (copy attached), the definition of the independent student is not a problem. The problem is students who apply as dependent students and subsequently switch dependency status to independent so they can increase their eligibility for student financial aid.

No change in the law is needed if ED will simply put in an edit check in the national processing system to prohibit unmarried non-veterans under age 22 without dependents from switching dependency status without a carefully controlled "override" like the Special Condition form now in use.

(8) Notice of Proposed Rule Making (NPRM), Federal Register of September 4, 1985

In the words of the President, "There they go again." For Illinois, some of ED's proposals if finalized would be contrary to state law and others would be disastrous operationally. We will send you a copy when we submit our written comments to ED. Maybe Reauthorization can correct some of these concerns.

Conclusion

Some of our other thoughts on reauthorization, particularly on GSL eligibility, were presented to the House in testimony at Champaign, IL on April 27, 1985. A copy has been attached for your information. Again, we appreciate the opportunity to present testimony. Tom and I would be happy to address any questions that you may have.

THE SINGLE NEED ANALYSIS ISSUE

A Position Paper

of

The American College Testing Program

April 1985

THE SINGLE NEED ANALYSIS ISSUE

The Education Amendments of 1980 provide that a single need analysis be developed for use in awarding aid under the Pell Grant and federal campus-based student aid programs. This provision has been deferred by the Congress through at least the 1986-87 academic year but the issue it addresses remains vital.

The purpose of this paper is to examine the single need analysis issue. Actually, the term "single need analysis" may be misleading. The real issue is whether a single formula should be used both as the basis for determining students' Pell Grant awards and their need for aid from all other sources. To provide a framework for consideration of this issue, a brief discussion of need analysis and its relationship to the Pell Grant formula are presented.

Need Analysis

A need analysis results from the application of a mathematical formula that strives to establish an appropriate balance of responsibility for educational financing between students and their families and the providers of financial aid (primarily taxpayers). To be accepted and effective, the formula used must be perceived as fair by students, their families, and by the public. If the formula is thought to be unfair, students may attempt to manipulate the system to serve their own purposes, the public may withdraw its support of student aid, or both.

A need analysis is comprised of two steps. The first involves identifying the cost of attending college--the sum of direct costs (tuition, fees, and books) and a reasonable allowance for living expenses. The second step involves computing an expected family contribution--the amount of money the student is expected to obtain from his or her own and his/her family's resources to pay for the cost of attending college. The difference between the cost and the contribution is financial need.

The need analysis is computed to determine whether a student needs financial assistance and how much he or she needs. Simply computing the student's need does not assure that the funds required to satisfy that need will be available. The need analysis strives to reflect realistically the amount of financial assistance the student will require to attend college. It remains for the sources of available financial aid to determine whether, and to what extent, the student's need will be met.

It must be recognized that any need analysis formula is based on value judgements about the appropriate standard of living to be assumed in computing the cost of attendance, the types and portions of assets that should be protected or contributed, and the type and amount of expenses that should be given priority over educational costs for expenditure of family funds.

In order for need analysis outcomes to be fair and objective, the inputs into the analysis must be based on economic realities. For example, the formula must take account of mandatory taxes since the family cannot access these funds for college expenses. Basic family living costs must be recognized at some reasonable, definable level. Moreover, they must be adjusted regularly to reflect changes in the cost of living. And the formula should take account of similarities and differences among families of different size, number of children in college, and income and asset holdings.

Finally, the results of the analysis should remain fairly stable from one year to the next. Families should be able to assume that their expected contribution will change only as their financial situation changes.

Pell Grant Program

The Pell Grant Program was designed to ensure that all undergraduate students have a base level of financial support either from family resources or from a government grant regardless of the college they attend. Usually, the amount of a Pell Grant is the difference between established maximum grant amount (e.g., $2100) and the expected family contribution. In some cases, a Pell-determined cost of attendance figure may also be a factor in establishing the amount of the grant. After annual guidelines have been set, there is no limitation on the number of students who may receive a Pell Grant.

Although the Pell Grant process, like the need analysis process, derives an expected family contribution and a cost of attendance, the Pell Grant method of deriving these figures departs substantially from need analysis practices generally accepted by financial aid professionals. The differences in the computation can be attributed to many factors including the desire to control program costs and to assist certain segments of the population. Some examples are:

1. Family maintenance allowances have not been consistently updated for inflation. To keep total Pell Grant Program costs down, the family size offset was not updated to account 1980 inflation (12.4%). Compounded, this variance results in

an offset figure for 1985-86 that, for a family of four, is about $1050 below the poverty subsistence level it is intended to represent.

2. Certain common mandatory taxes are not permitted as an offset to income (e.g., FICA, state and local income tax, etc.). Although these are legitimate non-discretionary expenditures, their allowance as an offset would increase substantially the cost of the program to the federal government.

3. The assessment rates in the Pell formula have been changed regularly. Over the years, parents' discretionary income has been variously assessed at rates of 20% - 30%, a flat 10.5%, and 11% - 25%. These variations have permitted the government to spend more or less money on the program; they have often worked contrary to families' ability to contribute to the cost of college.

4. Pell cost of attendance allowances are irregularly changed. For reasons of cost control, some standard cost allowances have not been changed for up to ten years even though the cost of living has doubled during that time.

Numerous other examples could be cited of ways in which the Pell Grant Program criteria have been configured for reasons specific to that program. These criteria may be perfectly appropriate for distributing Pell Grants given the availability of funds, but they may not be consistent with, or responsive to, students' needs for financial assistance.

Is a Single Need Analysis Feasible?

It is both feasible and desirable to have a standard for determining students' overall need for financial assistance from all sources. Administratively, and from the standpoint of maximizing students' understanding of the process, a single standard is almost a necessity.

To a large extent the single need analysis goal has been achieved through development of the Uniform Methodology. The formula for the Uniform Methodology was developed in 1975 by the National Task Force on Student Aid Problems and is maintained and updated under the auspices of the National Student Aid Coalition. The vast majority of state, institutional, private, and federal student aid funds are awarded under processes that use the Uniform Methodology to determine student need. Although Pell Grant awards are not based on the Uniform Methodology, Pell

Grants are typically one of the resources that contribute toward meeting the need that the Uniform Methodology calculates.

The fact that the Uniform Methodology is the generally accepted single need analysis standard does not mean that there are no pressures to liberalize the formula or, conversely, to make it more stringent. Pressures are applied from both directions and these pressures do effect changes in an evolutionary manner. Since the formula is used for determining need for a wide variety of financial aid programs, however, pressure from any one source (an exception being federal legislative action) usually does not have an immediate or significant effect. Modifications to the formula require majority acceptance; therefore, those desiring change must be persuasive of the merits of their case.

The essence of a single need analysis is that it be independent of any particular aid program and that it be generally accepted as reasonable by families and by the providers and administrators of most aid programs. Although the process should allow for gradual changes in the formula to reflect the general availability of student aid funding, it is desirable that it not permit hasty or ill-conceived changes in response to the funding level of any particular aid program or set of programs.

Can an Acceptable Single Formula be Developed?

The answer to the above question is, theoretically yes, but realistically no. The purposes of the two current formulas are quite different.

The purposes of the need analysis formula are to determine which students need financial assistance and how much they need. This need may or may not be met with aid from several major and thousands of minor financial aid programs, each with its unique criteria. The purpose of the Pell Grant formula is to distribute Pell Grant funds in an acceptable manner while keeping spending within budgetary limits.

Congress could, at its discretion, modify the Higher Education Act to allow Pell Grant awards to be based on a single, independently-derived need analysis. To do so, however, would substantially alter the current distribution of Pell Grant funds. And, it would simultaneously limit Congress' ability to manage the distribution of funds in the manner it desires.

Congress could also implement the current provision in the law requiring that a single formula be used for the Pell Grant and for all campus-based federal aid. If this were done, the results would include both a substantial redistribution of Pell Grant funds and a drastic change in students' computed "need."

The formula now prescribed in law is substantially different from both the current Pell Grant formula and the current Uniform Methodology. Furthermore, because of the constraints of the federal regulations and the administrative burden associated with institutions handling of two standards of need (federal and non-federal) the results of the federal formula would likely be used in many cases to determine both the amounts of federal aid that students could get, and the amounts they could get from other sources.

If a need analysis is to be truly reality-driven, it must be universal and independent of any particular aid program. This does not preclude compromise between the current features of the Uniform Methodology and the Pell Grant formula, however. But such compromise should be made because, and only if, they provide a better or more equitable method of measuring need. If such a compromise is driven by the desire to effect a particular Pell Grant distribution objective, the goal of providing financial aid to students based on the philosophy of need analysis is hopelessly compromised and becomes unattainable. Such a compromose then might lead other financial aid programs to slightly modify the need calculation to suit their own purposes. This would likely result in a return to the situation which existed prior to the use of the Uniform Methodology--the use of several hundred different need analysis formulas.

Summary

There is general consensus in the financial aid profession that it is desirable to have a single consistent need analysis computation. There is also consensus that it should be independent of any particular aid program and usable in conjunction with all aid programs, regardless of the funding source.

One must assume that Congress is generally satisfied with the manner in which the Pell Grant formula effects the distribution of available Pell Grant funds; if not, the formula would have been changed. One must also assume that financial aid administrators, who are responsible for coordinating aid from a variety of programs and for explaining the ultimate results to individual parents and students, are generally satisfied with the manner in which the Uniform Methodology computes student need. If not, they would have lobbied for substantial changes to the Uniform Methodology formula. The two formulas, however, produce quite different results. Neither is well-suited to accomplish the purpose of the other.

The need analysis provisions of the Education Amendments of 1980, while lauditory in their intent, may try to achieve an impossible task. Although a great deal of effort has been expended in the attempt, no one has been able to derive a formula which will serve both as a vehicle for distributing Pell

Grant funds and for realistically determining students' need for all aid.

Congress has the right and the responsibility to assure that federal student aid funds are distributed in the manner it deems appropriate. Since the Pell Grant Program is a federal entitlement program, Congress should specify the formula used for distribution of these funds. Congress should recognize, however, that its actions in regard to the campus-based federal aid programs will affect non-federal programs as well. It should allow these funds to be distributed according to an independently-derived need analysis used to establish overall need for all forms of aid. The financial aid professionals who deal daily with individual parents and students are in the best position to determine the factors which most equitably describe this need. We believe that the financial aid community has acted responsibly in the past in its development of the Uniform Methodology as a realistic need analysis.

For students, the existence of two formulas (the current situation) is not particularly confusing. Both formulas (and particularly the Pell Grant formula) are largely invisible to them. Although financial aid professionals might prefer the simplicity of having to learn only one formula, they would also prefer to retain the two current formulas rather than be forced to use a compromise which might neither accurately reflect students' need nor logically be explained to families.

TESTIMONY OF

THOMAS A. BREYER

ILLINOIS STATE SCHOLARSHIP COMMISSION

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

COMMITTEE ON EDUCATION AND LABOR

U. S. HOUSE OF REPRESENTATIVES

ON

MATTERS RELATING TO DEFINITION
OF INDEPENDENT STUDENT

AUGUST 1, 1985

Mr. Chairman and Members of the Subcommittee:

My name is Tom Breyer, and I am here today representing the Illinois State Scholarship Commission.

Prior to joining the Commission, I served for three years as Executive Director of the Illinois Independent Higher Education Loan Authority and for four years prior to that, directed the administration of financial aid programs for the Chicago campus of Northwestern University.

The Commission was pleased to be invited to appear before you today to present testimony in connection with the reauthorization of the Higher Education Act. As you requested, our comments today will be addressed only to matters relating to the definition of the independent student.

In addition to serving as Illinois' guarantee agency and secondary market, the Illinois State Scholarship Commission also administers the Monetary Award Program, the second largest state grant program in the nation, which this year will award approximately $123 million to over 100,000 students, after considering approximately 315,000 applicants. Roughly 40% of these recipients are independent students. Because of this substantial investment and because Illinois has successfully "piggybacked" the Pell Grant definitions, procedures (including validation), and central processing system for four years, the federal definition of independence is of great importance to us.

I have been fortunate to have been able to attend a number of the reauthorization hearings so far, and I have heard several themes and concerns echoed throughout. You and your colleagues, Mr. Chairman, have spoken of the overwhelming dominance of the federal budget deficit as an issue; of the "hostile environment for funding;" of the need to achieve more with less. You have spoken of the need to target more grant funds specifically to those who truly need them most, but have made it clear that these funds must come from savings achieved through improved program administration, and not simply through ever greater levels of appropriations. You have spoken of the need to restore integrity to our financial aid programs by reducing waste, fraud and abuse. You have spoken of the need to reemphasize the role of the family in the broad partnership of those involved in the financing of higher education. And you have asked not just for opinions, but for concrete, feasible proposals. I hope you will find the testimony of the Commission today to be addressed specifically toward helping this Subcommittee achieve those objectives.

The independent student definition has been an issue in student financial aid for many years. In October of 1983, the Commission presented testimony before this Subcommittee on the same topic. At the time, the issue was of great interest due to proposed Department of Education changes in the definition of independent student. Recently, interest in the definition has been heightened by increased demand for student aid program funds, uncertain prospects for additional student financial aid dollars, and a renewed national interest in preventing waste, fraud and abuse in government programs.

This Subcommittee has already heard testimony on the subject of error in the Pell Grant Program. Last year, the Department, in reviewing the results of its Pell Grant Quality Control Study, concluded that wrongly claimed dependency status was the single largest source of applicant error in 1982-83. While the group involved is relatively small, comprising approximately six percent (6%) of the students claiming to be independent, the dollar impact is large. The Department estimated a net overaward of $64 million for 1982-83 resulting from this item alone.

In addition to avoiding the waste of unintentional error, it is imperative that the government also take additional steps to discourage deliberate "independence of convenience," which allows students to declare themselves independent in an attempt to increase their eligibility for student financial aid and allows higher income families to absolve themselves of their financial responsibilities. Reauthorization provides an opportunity to address this problem.

It was our concern over this problem that prompted the Commission to conduct our research in 1983 to identify Illinois Pell Grant applicants who changed their status from dependent to independent, and to analyze the impact this change had on Pell Grant and state grant eligibility for Illinois residents. At that time we found that, in Illinois, approximately 2,500 unmarried nonveterans under age 22 without dependents, or over 2% of Illinois' independent student Pell Grant applicants in 1982-83, had switched dependency status from dependent to independent. The total year-to-year increase in Pell Grant payouts to these individuals amounted to over $1 million in Illinois alone.

After analyzing the results of our 1983 study, the Commission was invited to appear before this Subcommittee, at which time we urged that the Department of Education institute a new "edit check" procedure, rather than a new definition. Specifically, we recommended that all year-to-year dependency status changes be flagged on Pell Grant Student Aid Reports (SARs) and that unmarried non-veterans under the age of 22 without dependents be prohibited from changing their status from dependent after they have made an initial application.

Among all 1982-83 independent Illinois Pell Grant applicants, this group - unmarried, non-veterans, under 22, no dependents - represented only 12% of the total. However, among those who had switched dependency status from the prior year, this group represented 43% of the total number, and accounted for over 58% of the total increased Pell Grant payout.

The Pell Grant Quality Control Study also highlighted this group as the primary source of incorrectly reported dependency status. Of those students incorrectly reporting dependency status, 91% were unmarried versus 74% of those truly independent; 25% were less than 20 years of age versus 8% of those properly classified; and 71% had no dependents versus 46% for those that truly proved to be self-sufficient. In other words, the bulk of the misreporting occurred among younger, unmarried students with no dependents - exactly the group we have targeted in our recommendation.

In the spring of 1984, the Department implemented only part of this recommendation. All unmarried 1984-85 applicants whose status changed from dependent in 1983-84 to independent in 1984-85 were identified, and certain of these were selected for validation, but switching was not prohibited.

The Department's institution of this procedure prompted the Commission to repeat its examination of this issue in light of actual data.

Nationally, during academic year 1984-85, the Department's limited cross-year dependency status check system flagged only 21,600 students or approximately one percent (1%) of the 2.1 million valid independent student Pell Grant applicants. Subsequent validation of these applications by the institutions resulted in only 3,400 corrections. The Student Aid Index (SAI) on the average correction increased by $250, yielding savings in 1984-85 through the Department of Education cross-year dependency status check system of probably less than $1 million. If the cross-year dependency status check system which the Commission proposed in 1983, and proposes again today, had been fully adopted, the savings in 1984-85 would likely have been as much as $15 million nationally.

Initial year savings are limited by the fact that many applicants have already switched status in prior years and cannot be "switched back." Therefore, full savings cannot be realized for approximately three years, by which time all enrolled students would be covered by the new policy. At that time, we estimate that annual savings in excess of $50 million could be achieved. By disallowing higher income families from transferring family responsibility for paying college costs to the federal government, this significant amount of savings could be redirected to those students who clearly need it most.

Such a policy is feasible today. No new system would have to be developed. Marital status, veteran status, age, and number of dependents can already be determined from the current data collected. The current, three question definition could still be utilized. And, the cross-year edit check mechanism is already in place. While successful implementation of this program could be achieved on a stand-alone basis, should a new test of independence be desired, our recommendation could still be beneficial if introduced in conjunction with a new definition, such as a two-year lookback.

We recognize the need to protect those students who are legitimately self-sufficient, and feel that our proposal would provide reasonable protection to these students while curbing widespread abuses in independence of convenience. Students who marry, serve in the military, or who become responsible for dependents are provided the legitimate opportunity to emancipate themselves financially. So, too, are those students who reach the age of 22. However, those more traditional dependent students who seek to manipulate the system for their own benefit will find that the system no longer invites abuse.

Our position, our recommendation, and the evidence supporting our recommendation have not changed during the last two years. The current independent student definition is not the problem. The problem is students who apply as dependent students and subsequently switch dependency status to independent specifically to increase their eligibility for student financial aid. Again, we recommend to you to end the waste created by this manipulation, by prohibiting unmarried non-veterans under the age of 22 without dependents from switching dependency status.

I appreciate the opportunity to appear before the Subcommittee, and I would be happy to respond to any questions that you may have.

TESTIMONY OF
LARRY MATEJKA, EXECUTIVE DIRECTOR
ILLINOIS STATE SCHOLARSHIP COMMISSION
ON
FEDERAL STUDENT AID REAUTHORIZATION ISSUES
FOR THE
HOUSE SUBCOMMITTEE ON POSTSECONDARY EDUCATION
APRIL 27, 1985
CHAMPAIGN, ILLINOIS

Introduction

I welcome the opportunity to comment on the concerns of the Illinois State Scholarship Commission about federal student financial aid reauthorization issues. Deliberations on reauthorization are more intense than usual because we are not looking to improve programs so much as we are to reduce costs. Before sanctioning any changes to the federal aid programs, the fallout both short and long-term, needs to be examined. The purpose of this hearing should be to augment that process.

My comments today will focus on three topics. First, I want to comment on the environment in which reauthorization takes place, then on the federal and state partnership in providing equal education opportunity for financially needy students in higher education. Finally I will address some proposals which could effect student eligibility for the Guaranteed Student Loan Program. This particular program is the largest source of student financial aid for Illinois students and I am concerned about the continued availability of loans while at the same time cognizant of the weighty cost to the federal government and national taxpayers.

The Reauthorization Environment

Since the founding of our country some two centuries ago, our wisest leaders have consistently recognized the paramount importance of education of our citizens to the effective functioning of the nation's political system.

Similarly, in this century, the role of education in the effective performance of the nation's economic system has been recognized as job growth has occurred in sectors of the economy requiring increasingly better educated manpower.

More recently, education has assumed a central role in the design of the nation's social system based on equality of opportunity and awareness and sensitivity of the richness and diversity of our heritage. We believe that education of our citizens provides the fabric which defines our nation in all of these dimensions, and carries that tradition forward in time through the continual regeneration of our human resources.

We all recognize that education costs money - a very great deal of money. In 1981-82 state and local governments spent well over $150 billion on education for their citizens, and private educational institutions added billions more to that total. Many students obviously pay a significant portion of the costs of their education. But not all students have the resources to pay tuition and fees, books and supplies, food, housing, transportation and the many other costs faced in the collegiate enrollment decision.

Because our political system requires an educated citizenry and because our economic system requires trained manpower, and because our social system requires true access to the many opportunities made available by education in our nation for all of its citizens, we educate, we train, and we equalize. We could not have achieved our present status without those commitments. They remain the foundation of governmental social service to its citizens.

Periodically we are reminded of the efforts required to provide these commitments. At such times the commitments are reaffirmed, sometimes redefined, and ultimately renewed. In October of 1957 the Soviet Union launched Sputnik and the nation reexamined its educational commitments in detail and breadth. Racial strife in the 1960's led to another reexamination. Economic dislocation in the 1980's has prompted another examination of our commitments to educate, to train and to equalize - a process far from complete. These efforts are characteristic of the political, economic and social system geared toward the welfare of citizens, namely democratic.

At each of the national crises that provoked a reassessment of our fundamental commitments to educate, to train and to equalize, we have reexamined the role of public investments in the education of our citizens. In 1958, as a part of the national reassessment following the launching of Sputnik, both the federal government and the State of Illinois initiated student financial aid programs to encourage the training of our most talented youth in fields judged important to national and state interests such as science and education. During the mid-1960's, during racial turbulence, we formulated the War on Poverty and redesigned and expanded support for student aid programs based on financial need. Now in the 1980's, with the process still incomplete, we are once again assessing the consequences of economic upheaval and political change.

The reauthorization of federal student aid programs occurs, unfortunately, before we have reached a new national consensus on what our problems are and how they should be addressed. Therefore, what we undertake here today under the pressure of statutory reauthorization, may not serve us well, or for very long, or with the strong sense of commitment and purpose achieved when that national consensus has been reached. Our need to educate, to train, and to equalize are being reexamined now and the outcome is far from certain. Our steps initiated here today are tentative and probing, not sure of direction.

Despite these unresolved national commitments to educate, to train and to equalize, we know that in some form they should survive the period of reexamination. To preserve the national fabric, we must not lose sight of the original intent which molded the development and character of student aid programs.

The Federal-State Partnership

When the federal government enacted the National Defense Education Act in 1958 the State of Illinois enacted the State Scholarship Law. In the intervening two and a half decades, a variety of grant, loan, and work-study programs were developed at both the federal and state levels, often in partnership, but always with the common end of helping students to meet their educational costs. A significant combination is the Pell Grant, created in 1972 to focus on access, and state grant programs, most of which were directed toward paying tuition and fees.

Another dimension of the federal and state partnership to improve access and choice, and more personal to Illinois, was our decision to allow Illinois students to apply for the state grant in 1982-83 by using one of the multiple data entry forms as opposed to a separate application. The result has been to simplify the application process for students and to increase the awareness of the relationship between federal and state programs in financing higher education.

This approach to processing has also allowed us to tie in not only to the national processing calendar, but to the nationally accepted need analysis as well. We feel the utilization of a central processor is more efficient, less costly, and therefore represents a lower cost to the taxpayer. The centralization of processing also allows the Scholarship Commission to regulate the combination of its process and announcements more efficiently with that of the Pell Program.

Some would seek to criticize a centralized processor because it disenfranchises the student. Our finding has been that at the state level we have more time to provide information and counsel individual students because we aren't spending time duplicating processing efforts.

While funding levels are important, there are other considerations which greatly affect access and choice. One of these is the delivery of financial aid. Delays in making announcements of awards to students affect access and enrollment decisions. Many of the inherent problems with the delivery of aid could be corrected with timely decision-making. Factors such as what type of validation procedures are to be used, the payment schedule, and the formula to calculate eligibility, must be determined on a timely basis unless we seek to propagate uncertainty which can be as damaging to student enrollment decisions as the lack of sufficient funds.

While the delivery system remains critical to the processing of Illinois student grants, we have considered further piggy-backing in order to expedite and regulate the aid application process. Every student in Illinois who wants to apply for a state grant must first file a need analysis form with the federal processor and thereby automatically is considered for a Pell Grant first. The proposal we've considered is to have all Guaranteed Loan applicants as well as state grant applicants apply first for the Pell Grant thereby insuring a coordinated application process and accessibility of all aid applicants in Illinois to grants prior to using loans.

The financial aid community in Illinois recommended that we not enter into such a processing system for the Guaranteed Student Loan, primarily because of potential delays in the federal processing calendar and perceived resistance from non-Pell applicants. Many institutions believe that students need to apply for loans at about the same time they apply for grants in order to know the total financial resources which would be available to them early enough to make enrollment decisions.

This linking of the delivery process nevertheless should be a desirable goal to simplify the financial aid process for parents and students.

Guaranteed Student Loan Eligibility

The creative and subsequent growth of the Pell Grant Program in the 1970's gave needy students what, in retrospect, appears to be the most bountiful years of student aid when combined with state aid programs that we have known. But that situation was fairly short-lived.

Over the last few years we have experienced a substantial increase in the number of aid applicants in Illinois. Applications increased by 50 percent between 1981 to 1984. A new application processing system was part of the reason for this increase but the economic recession was just as much a contributory factor. College costs also increased in response to inflation and together these increases, served to negate dollar increases in state and federal grant aid. While we're assisting more students than we did in 1981, we're helping them at a lower level of support.

An expected outgrowth of limited grant aid would be additional reliance on loans as a source of funding for college and this pattern seems to have emerged. In 1981-82, Illinois students borrowed over $252 million and for the first time, a survey of Illinois institutions indicated that loans represented the largest portion of student financial aid resources, beating out gift assistance. The

Guaranteed Loan Program alone, constitutes one-third of all the financial aid available to Illinois graduate students. If we continue to increase the student's and family's obligation to pay for college, then the Guaranteed Loan Program becomes more than it was originally designed to be.

The National Council of Higher Education Loan Programs, NCHELP, has prepared a position paper on the reauthorization of the Guaranteed Student Loan Program and other Title IV Programs. I have made copies of this paper available and in general we support the recommendations put forth by NCHELP. But I would like to comment on a few specific reauthorization proposals and their potential impact on students in the Guaranteed Student Loan Program.

The primary concern which seems to be driving reauthorization proposals related to the Guaranteed Student Loan program is limiting student eligibility for the program in order to reduce the amount of subsidy the federal government has to pay for the program. Because the loan program was originally designed to be a resource for middle-income families, we would suggest that the concept of need analysis be applied toward determining eligibility for a loan subsidy and not in determining eligibility for a loan. Reduction of the federal subsidy can still be accomplished by setting qualifications for federal interest benefits but at the same time keeping educational loans available for families who may not qualify for the interest subsidy.

Another proposal has been to set an $8,000 college cost cap on student aid. This means that if the total college cost is $12,000 and the student's family could contribute $6,000, the most aid the student could receive would be $2,000. This obviously is directed to eliminating needy students from enrollment at private institutions. Proposals such as this are being pedaled as a mechanism to reduce federal involvement, reduce taxpayer costs, and return control to the State level. The result however, would be increased enrollment at public institutions, increased state subsidies, increased state taxpayer costs, and reduced equal educational opportunity.

As the Congress begins to seriously address reauthorization of the Guaranteed Student Loan and other Title IV Programs, a host of proposals will be set forth. The proposals we've already seen seem to focus attention on redefining the federal role in higher education. This represents a major policy shift from the direction that Congress has followed for the past 20 years. And many of the proposals which have surfaced directly attack the fundamental objectives which the student aid programs have attempted to achieve. These objectives include the promotion of access to, choice among, and retention in, the higher education enterprise for needy students.

I would hope that the Congress, in its review of the Title IV Programs, will not just examine the cost of the programs, but the success which has been achieved under the current structure. A fundamental threshold question that needs to be asked is whether the benefits in the development of human capital which have resulted from the student aid programs, exceed the cost of the programs.

The decision to utilize private capital through the Guaranteed Student Loan Program has resulted in the leveraging of billions of dollars of private capital into the mainstream of higher education. This use of credit to finance higher education has surely resulted in millions of young people having the opportunity to pursue postsecondary education at the institution of their choice, an opportunity which would not have been available without private capital and an opportunity which has resulted in a more educated and productive society.

A basis premise behind the operation of the Guaranteed Student Loan Program has been one of shared responsibilities and shared risks among students, lenders and the state and federal government. While the effectiveness of the program is dependent on the availability of private loan capital, lender participation, and lower default rates are enhanced by more viable secondary market activity and decentralized state-based program administration. All these contribute to increased access to student loans.

Within the last month, an arbitrary pronouncement by the federal government has threatened the stability of the long-standing relationship between the state and federal governments in administering the Guaranteed Loan Program. Twenty years ago, when we made a commitment to process loan applications and collect on defaulted loans for the GSL program, it was with the understanding that we would not incur any administrative costs. We did understand that we would incur the costs associated with increased default reimbursements when we tripped the federal reinsurance trigger and took steps to prepare for that eventuality. We did understand that we might lose the federal seed money. But we did not understand that we might suddenly lose Administrative Cost Allowance funds.

The loss of the ACA especially when coupled with any other reductions which affect administration, would cripple our ability to continue processing loan applications and collecting on defaulted loans. But our primary concern is the capriciousness with which the decision was made and our lack of opportunity to provide input. I hope this does not signal the beginning of a major change in the mutually beneficial working relationship we've had for 20 years, a relationship which has benefitted thousands of Illinois students.

Conclusion

While we are faced with some difficult issues and decisions regarding student financial aid, we cannot forget the importance of those decisions over the long-term. Certainly there are areas where savings can be made without affecting the concept of equal educational opportunity that the state and federal government have worked together to promote. Our programs should continue to be cohesive, and to work in a complementary relationship with each other for maximum leverage.

Similarly a delivery system which can be utilized by all students to federal, state, and institutional aid resources can only serve to simplify, expedite, and create a better awareness of the financial aid process.

Finally, thoughtful communication and planning is a must between the state and federal government in order to enhance the cooperative working relationship we have enjoyed for so many years. Hearings such as this contribute to that process and such efforts can only serve to benefit students.

Senator SIMON. Thank you.

May I address a specific question to you? You just mentioned counselors at one point. Do you find high school counselors are reasonably on top of student aid programs?

Mr. JEPSEN. That is a tough question. I would say that they are not as much on top of the student aid process as they would like. The evidence is mixed. I think the scorecard will vary significantly, Senator, from one high school or district to another.

Some of them are every bit the professionals we all want them to be. Others, quite frankly, are quite a bit behind where they ought to be.

Senator SIMON. I would be interested in the response of the two of you as to that, too.

Ms. SPENCE. In our areas we are often finding our students are not getting adequate information from the high school counselors. Sometimes one of our benefit approaches is to make sure they get the forms filled out in time, and then we try to work closely with the school counselor and the parent and the student, and we do find out at times they do lack accurate information.

We do what is necessary when we are aware of it. Oftentimes we are not.

Ms. JACKS. I would like to echo what they say.

Senator SIMON. In connection with a simple system, when we did not have a limit on the guaranteed student loan, when we had the surge of guaranteed student loan applicants, the interesting thing is that 80 percent of the new loans would have been eligible under the old system. But simply because we made it simpler, it became much more available to a greater number of people.

Ms. Spence, you mentioned the people you served. What percentage are you reaching in that area?

Ms. SPENCE. We are reaching less than 10 percent. We are only funded to serve 85 students during the academic year. Only 60 during the summer.

The population surrounding us, we have applicants from 1,300 to 1,600 students eligible for the program.

Senator SIMON. You mean 10 percent of the total students, or 10 percent of those who really need help under your program?

Ms. SPENCE. Less than 10 percent of those who really need help in our program in the area. In other words, to make sure I answer your question correctly, in Rockford alone, which is the second largest city, we can have anywhere from 220 students be eligible for the program, but we only can accept actually about 40 to 45 students in the area.

Senator SIMON. Ms. Jacks, you asked for the elimination of the $200 minimum award.

Ms. JACKS. Yes.

Senator SIMON. The reasons for doing that are fairly obvious, you know, to cut back on bookkeeping. What kind of problems does that present, not having——

Ms. JACKS. I do not think the problems are major. It is just for the individual student, when that occurs, it seems so unnecessary to me that restriction period. You are at a point of problems with the student, and you nearly have it worked out, but you have to remember, "Oh, but we cannot do $200."

I do not think it is manageable for a large number of students.

Senator SIMON. You also talk about the Pell advance funding to institutions. Obviously, from the Federal Government point of view there are two problems here. One is we do not want to put money out any sooner than we have to, since we are paying interest on it.

The second is to advance it.

Ms. JACKS. Those regulations in October appeared to say to institutions that the Secretary could, if he wanted to, delay payment until after payment had actually been made. That is, delay payment to the institution until payments to the students have been made.

Under the current system we get an authorization which, at the point of payment, we can draw down. We would like to be very clear that that current system will continue.

There is much fear that the language in that regulation allows the Secretary to make us pay, using our own money, and then he will only reimburse.

So it really is keeping in place what currently happens, not trying to get access to money prior to our disbursement.

Senator SIMON. This is not one of the questions that has been directed at you, but I directed it at the previous panel.

We obviously are facing limitations. We are not going to be able to do everything we would like.

Faced with a choice of increasing Pell grants or GSL's, where would you go?

Mr. JEPSEN. Very difficult question. I think, as each of the previous panelists would say, we would favor the Pell grant because of our kind of natural tendency to want to help the most needy the most.

We would lean in that same direction. But I feel kind of a tug, saying you really get a lot of bang for the buck, so to speak, out of GSL, because you can stretch that money.

So I guess, on the whole, we probably would go with the proposal to kind of stretch that out, and would lean toward the GSL.

Ms. JACKS. I think we would favor increasing Pell. While a significant number of lower income disadvantaged students have participated in the Guaranteed Student Loan Program across the State, it is hard to know which came first, not having additional loans having forced them into that program, or whether that program is attracting GSL's.

It is a difficult question, but, put that way, I would say we would favor increases to Pell.

Ms. SPENCE. I also, due to the fact that the participants in the program are so heavily at the poverty level, and that they usually are first generation students going into college, I would have to say Pell grant assistance.

Senator SIMON. Let me just add that we will in the next few weeks be moving on this whole question, and any further ideas that any of you has, we would welcome.

This is the time to be making these concrete suggestions.

The record will be left open for additional written testimony that will be received.

[Additional material supplied for the record follows:]

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September 26, 1985

1985 OCT -3 AM 11:46

Hon. Paul Simon
United States Senate
#3 W. Old State Capitol Plaza
Springfield, IL 62701

Dear Senator Simon:

At the hearing on Monday, September 23, 1985, regarding the Reauthorization of the Higher Education Act, you asked each of us on the Presidents' Panel a question difficult to answer in multiple-choice fashion, "If only one were possible, would you prefer an increase in the Pell Grant or the GSL?" (paraphrased).

Quite understandably, all selected an increase in the Pell Grant as (1) grant funds are more attractive to students than loan funds and (2) we are all concerned about the increased amount of debt students are incurring as a result of furthering their educations today.

The independent student, typically supporting a family and with annual earnings averaging $9-10,000, is at greatest risk. They are often found ineligible for adequate sums of grants and/or loans, or they are required to assume loan debts in excess of their budgeting capabilities. Yet they are employed, independent of welfare and attempting to better themselves as responsible and contributing citizens. Most unfortunate to this dilemma is that it is the independent student who is changing the profile of the typical college student by their progressively increasing percentage share of the student population in colleges today and in the foreseeable future.

There is a dimension to your question that when left unattended distorts the obvious answer, that is, the amount of the increase in question. Would the increase be the same amount for the Pell as for the GSL? For example, a $300-$400 increase in Pell would not be comparable or as attractive as an increase of $1,000-$1,200 in GSL funds.

The most preferable choice for increase would be one which would provide students with the greatest financial access to education, grants most preferable and loans attractive as supplemental funds. However, should a greater increase be available through GSL than that available through Pell, GSL funds would be the more desirable.

Thank you again for the opportunity to present our concerns regarding this critical issue and for your continued support on our behalf.

Sincerely,

Dick

Richard D. Pickett
President

ta

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Graduate School
(217) 581-2220

September 27, 1985

The Honorable Paul Simon
462 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Simon:

Thank you for the opportunity to submit testimony on behalf of the Illinois Association of Graduate Schools.

I have enclosed the written testimony as you requested. If you should have any questions, please feel free to get in touch with me.

Sincerely,

Larry J Williams

Larry J. Williams

ra

Enclosure

TESTIMONY
for

THE SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

of

THE UNITED STATES SENATE

concerning

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

by

LARRY J. WILLIAMS
DEAN OF GRADUATE SCHOOL AND RESEARCH
EASTERN ILLINOIS UNIVERSITY

on behalf of

THE ILLINOIS ASSOCIATION OF GRADUATE SCHOOLS

September 23, 1985

As Dean of the Graduate School and Research at Eastern Illinois University and President-Elect of the Illinois Association of Graduate Schools, I am pleased to present this testimony on behalf of the Illinois Association of Graduate School Deans.

The State of Illinois is proud of its role as a major agricultural and manufacturing leader. The Illinois Association of Graduate Schools is equally as proud of the diverse graduate education system made up by the its thirty-member universities. Indeed, every segment of graduate education is represented. There exist private and public universities whose graduate programs enjoy international reputations, and both PhD and master's degree granting institutions form a network which offers the opportunity for citizens to pursue graduate work in the health and legal professions, teacher education, technology and engineering, business, and in the traditional humanities, arts and sciences disciplines.

In preparation of the 1986 fiscal year higher education budget, the Illinois Board of Higher Education adopted six major components which were to be addressed in budget requests. In each component which dealt with programmatic matters, graduate education was an integral part. Unless graduate schools throughout the state and nation can continue to attract top quality students who are interested in careers in academia, the long term prospects for excellence in undergraduate education is gloomy. Unless graduate schools can attract qualified minority candidates, there is little hope to increase the representation of minority faculty members on university campuses or in leadership positions which require education beyond the baccalaureate. Unless graduate schools can attract young scholars to engage in research and the development of technology, the United States will find itself in a competitive disadvantage with other nations in the world market. Only through a strong system of graduate education can this country hope to produce the agricultural leaders, the humanists and sociologists, the medical researchers, the artists, engineers, and social scientists who are needed to direct the future development of this nation. The graduate schools need help from the people of the United States just as the people of the United States need help from the graduate schools.

Students need financial assistance so that they can capitalize on the opportunity to attend graduate school. The majority of graduate students are no longer financially supported by their families as is often the case while undergraduates. In a large percentage of cases, students and their families have accumulated debts to pay for a college education and are unable to assume more financial obligations to provide for graduate education. In still other cases, students may be unable to attend graduate schools of their choice - not because they are unwilling to assume debts - but because loan limits have not been raised to sufficient levels to meet the rising costs of education. Consequently, I urge you to consider increasing the annual and cumulative loan levels in the Guaranteed Student Loan Program for graduate students. At the same time, measures should be enacted to provide for repayment options and loan consolidation to ease the impact of indebtedness.

The College Work-Study Program could assist many more graduate students if additional funding were available. One of the most significant features of this program is that financially strained students can help meet their education expenses without adding the burden of additional indebtedness, while at the same time they are able to gain valuable experience in discipline-related assignments.

As is commonly known, during the decade of the seventies, federally funded fellowships and traineeships decreased by nearly 50,000. The National Graduate Fellows Program addresses part of the need by providing fellowships to exceptionally talented students for graduate study in the arts, humanities, and social sciences. Such a program gives recognition to the importance of providing educational assistance to all disciplines in the graduate education spectrum.

As indicated earlier, the nation cannot meet the challenge of placing qualified minorities in leadership positions unless it is possible to attract them to graduate programs. The Graduate Professional Opportunities Program (GPOP) assists universities to recruit underrepresented students for advanced study. This is a program which clearly should be continued, not only because of the commitment to fair access for all segments of our society but also because the long range positive effects of utilizing this resource will place the United States on a competitive level in the world market place.

There has long been a need for Need-Based Grants for graduate students similar to those which exist for undergraduates. Recognizing that this nation faces a budgetary situation which warrants restraint in the establishment of new programs, we must also be cognizant of the long-term cost of failing to provide adequate education to citizens simply because they do not have sufficient resources to continue their studies. A carefully designed need-based grants program would not only increase graduate school access to those who otherwise would not have the opportunity but would also reduce the dependence on loans to those individuals who can least likely assume a high level of indebtedness.

Universities need financial assistance so that they can equip and update laboratories, studios, libraries, and other research facilities. And this can come in many forms, such as tax incentives to business, industry, and private individuals who assist universities in their struggle to meet the demands placed on researchers by changing technology.

It is not only financial resources that are needed but also an environment free of unnecessary regulations which allow scholars and researchers to operate in pursuit of new ideas and to seek new developments in their disciplines.

We recognize that a strong graduate education network can only be maintained if all three partners (universities, the government, and the private sector) are willing to join forces in a spirit of cooperation. When any one of those partners makes a significant reduction in its contribution to the network, there is a dramatic change in the stability of the system. During a period of rapid technological growth, during a time when we live in an ever expanding information-dependent society, during a time when the United States is struggling to maintain its proper place in the international trade market, it is more important than ever to look to graduate education to provide the future leadership of this nation. We simply cannot, as a nation, in these times allow our commitment to excellence in education to diminish. Just as it is in the interest of business and industry for university researchers to assist them in the improvement of their products and services, so also is it in the best interest of this nation to prepare the scholars who can deal with both national and international concerns. Only with the strong support of the federal government can we assure ourselves that this will be done.

LOYOLA UNIVERSITY OF CHICAGO

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OFFICE OF THE PRESIDENT

Water Tower Campus [illegible]

October 4, 1985

Testimony of James D. Barry, Vice President and Assistant to the President, Loyola University of Chicago for the Senate Sub-Committee on Education, Arts, and the Humanities on Reauthorization of Title VII of the Higher Education Act

Title VII of the Higher Education Act is, clearly, not the most important title; that honor belongs to Title IV. Nothing should prevent the educational community and the various members of government from losing sight of the fact that student financial assistance, Title IV, is the critical aspect of the Higher Education Act. It provides assistance to qualified students as they make their choices about the kind of education they wish to pursue and the way in which they wish to pursue it.

Title VII is, however, of considerable importance - and for many complex reasons. At the risk of oversimplification, permit me to note a few points about the reauthorization of this title. A fuller and more analytical presentation is contained in the testimony of Joab M. Lesesne, Jr. before the September 11, 1985 session of the Sub-Committee on Post-Secondary Education, Committee on Education and Labor, U.S. House of Representatives. I enclose a copy of that presentation.

Data, anecdotes, and photographs abound to demonstrate instances of deferred maintenance of the facilities of our higher educational institutions.

(1) Because of the importance of renovating these facilities, attention in Title VII should be concentrated on renovation rather than new construction.

(2) Because the limitation of resources makes it imperative that difficult choices be made, the focus of this renovation should be on undergraduate facilities, facilities which will influence the lives of more students than would similarly needed facilities renovated for graduate students.

(3) Because the need for housing in our institutions of higher learning has declined and because of the greater need for renovation of instructional facilities, a way should be established for institutions to borrow from the revolving fund of the College Housing Loan Program to finance this needed renovation of facilities.

(4) Because the need is so great and because new appropriations in these areas will not be adequate, consideration should be given to the federal government establishing a loan guarantee program so that the private sector could be encouraged to provide loans to assist higher education in these long-delayed renovation projects.

At the risk then of providing inadequate detail but with the buttressing of President Lesesne's testimony before the House of Representatives, I sum up these observations in this way: given the great needs and the scarcity of resources,

(1) renovation rather than new construction should be our focus,

(2) the largest share of available funds should go to undergraduate facilities,

(3) the revolving fund of the College Housing Loan Program should be opened for financing renovation of facilities, and

(4) the federal government should establish a loan guarantee program to encourage the private financial sector to be supportive of higher education as it seeks ways of renovating its infrastructure.

Thank you for attending to my observations.

James D. Barry

James D. Barry

LOYOLA UNIVERSITY OF CHICAGO

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Testimony of

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JOAB M. LESESNE, JR.
PRESIDENT
WOFFORD COLLEGE

before the
Subcommittee on Postsecondary Education
Committee on Education and Labor
U.S. House of Representatives

September 11, 1985

on behalf of the

National Association of Independent Colleges and Universities
and the
Association of Catholic Colleges and Universities
Association of Jesuit Colleges and Universities
Association of Presbyterian Colleges and Universities
Council of Independent Colleges
National Association of Schools and Colleges of the United Methodist Church

Mr. Chairman, members of the Subcommittee, my name is Joe Lesesne. I am President of Wofford College in Spartanburg, South Carolina. Established in 1854, Wofford College is a four-year residential liberal arts college affiliated with the United Methodist Church. The college enrolls just over 1000 undergraduates.

I also serve as Chairman of the Board of Directors of the National Association of Independent Colleges and Universities (NAICU). NAICU is an organization of 850 independent, non-profit colleges and universities, and state, regional, or other special-purpose organizations, based here in Washington, D.C. to provide a unified national voice for independent higher education. Last year, independent institutions enrolled 2.6 million students or approximately 21 percent of all students enrolled in higher educational institutions. Less than one-fifth of revenues for independent colleges and universities comes from governmental -- federal, state, or local -- funds, while income from tuition, fees, and services (bookstores, campus housing, etc.) extended to students contributes more than 63 cents of every dollar of operating revenue at our institutions.

I appreciate the opportunity to testify on behalf of NAICU this afternoon on Title VII of the Higher Education Act: Construction, Reconstruction and Renovation of Academic Facilities. Our members feel that a greatly enhanced effort in federal assistance for the renovation and reconstruction of academic facilities and the upgrading of instructional equipment is of crucial importance to the future of higher education and the nation. Working with representatives of the other associations in the higher education community, we developed proposals for reauthorization of a newly focused Title VII which, if sufficiently funded, we believe can assist higher education in addressing some severe and mounting needs.

As you know, funding for the current Title VII programs has been woefully inadequate. The $28 million appropriated for fiscal 1985 will fund the first grants under this title in over 10 years. In the absence of greatly enhanced appropriations for a newly focused Title VII program, I urge you to investigate some additional options, including the creation of a loan guarantee program and the use of the revolving fund of the current College Housing Loan program to serve needs in the area of academic facilities.

The federal initiative to assist in the construction and renovation of academic facilities began with the Higher Education Facilities Act (HEFA) of 1963 (P.L. 88-204), preceding the passage of the Higher Education Act (HEA) by two years. The current Title VII still bears considerable resemblance to the original Act, with separate parts and provisions for grants for undergraduate facilities (then Title I of HEFA, now Title VII, Part A of HEA), grants for graduate facilities (then Title II of HEFA, now Title VII, Part B of HEA), and loans for both undergraduate and graduate facilities (then Title III of HEFA, now Title VII, Part C of HEA). Then, as now, grant applications for undergraduate facilities were evaluated at the state level while applications for graduate facilities support were evaluated at the federal level. The original legislation limited the federal share of reconstruction and renovation efforts to 40 percent for community colleges and technical institutes and 33 1/3 percent for all other institutions. Grant purposes were limited to the enhancement of libraries and academic facilities intended for instruction in the natural and physical sciences, foreign languages, mathematics and engineering. Subsequent reauthorizations have seen the limit on the federal share of project costs rise to 50 percent for all institutions and the purposes of grants expand to include the construction and reconstruction of research facilities, energy conservation, compliance with environmental protection and health and safety laws, the removal and containment of asbestos and the removal of architectural barriers to the handicapped.

The original Higher Education Facilities Act also authorized a program to provide direct loans to colleges and universities for the purposes of constructing and renovating academic facilities. Under the original statute, direct loans were made by the government on a discretionary basis and were given at an interest rate of one quarter of a percentage point above the average annual interest rate on all federal loans. Facilities projects receiving federal loans had to receive 25 percent of their support from non-federal sources. Like the facility grant program, the loan program was incorporated into the Higher Education Act of 1965. Subsequent reauthorizations, especially those of 1976 and 1980, gave rise to a direct loan program, as well as an indirect loan program and a program for loan insurance. A revolving loan fund financed through federal appropriations and the sale of "participation certificates" by the Government National Mortgage Association (GNMA or "Ginnie Mae") provides direct 4 percent loans to colleges and universities to cover up to 80 percent of project costs. Indirect loans are also authorized through which the federal government pays the difference between the rate obtained by the institution and the rate that would be required for a new direct loan (4 percent).

In 1972, the Congress authorized a program to provide insurance on facilities loans undertaken by independent non-profit colleges and universities. In 1980, the loan insurance program was opened up to all non-profit institutions. But, while both the direct loan and indirect loan programs were active, especially in the 1960's and and early 1970's, the loan insurance program has never been funded.

Mr. Chairman, in the 1960's and early 1970's the nation and higher education faced a crisis. Enrollments were rising steadily, in part through the maturation of the baby-boom generation and in part as a result of the nation's new commitment to equal educational opportunity. Aided by the Higher Education Act of 1965, this new commitment brought millions of first generation college students to our campuses. Not since the post-war years of the G.I. Bill had the nation experienced such a boost in participation in higher education. And yet, in terms of facilities and equipment, higher education was ill prepared to receive the sudden influx of students. In partnership with the federal and state governments, higher education launched into a wave of facilities construction and program development to serve these students. The benefits that resulted from this expansion of higher educational participation and facilities can be seen in many quantifiable ways: in our better trained work force, our steadily increasing Gross National Product, our breakthroughs in science and medical research, product innovation, upward social mobility and economic opportunity, as well as in the non-quantifiable benefits of a more broadly educated citizenry.

The federal government made a substantial commitment to help higher education face the challenge of serving newly enlarged student bodies in a new era. Between the years of 1965 and 1973, the Congress appropriated $1.8 billion in direct grants for undergraduate facilities. This effort represented a commitment equivalent to $5.8 billion in constant 1985 dollars. For graduate facilities grants, the Congress has appropriated $228 million to date, a commitment of over $616 million in constant 1985 dollars. The Congress has also provided $678 million in direct loan capital, a commitment of over $2 billion in constant 1985 dollars, and $295 million in indirect loan assistance representing a commitment of $481 million in constant 1985 dollars. In total, the Congress has provided over $3 billion in academic facilities assistance under the Higher Education Facilities Act and the Higher Education Act since the 1960's, a commitment equivalent to $9 billion in constant 1985 dollars.

Mr. Chairman, higher education and the nation face many new challenges. The traditional student age population is beginning to decrease while the number of all kinds of non-traditional students is rising rapidly. These students include displaced workers in need of retraining, ethnic minority students for whom English is not their primary language, mothers who must gain a degree and/or a skill to raise a family independently or to supplement another income, and students with inadequate secondary school experiences who are in need of continued education. All kinds of students, both traditional and non-traditional, are struggling, and will continue to struggle to keep informed and employed in our increasingly technological society. Reports from the business community speak to the need for a better trained work force in order to maintain our place in an increasingly competitive international market. Changes in our domestic economy have greatly increased the demands for job retraining as well as workers with both broad and narrow areas of expertise. Higher education recognizes these challenges and is determined to meet them.

Yet, once again a crisis looms that threatens higher education's ability to fulfill this mission. Twenty-five percent of higher education's physical plant was built before World War II and a similar amount was built before 1960. A significant amount of physical plant construction transpired during the era of expansion mentioned earlier. Since that time, federal assistance for facilities construction and renovation has fallen off drastically. Direct grants for undergraduate facilities ceased in 1973. Grants for graduate facilities ceased in 1969. Twenty-eight million dollars has now been appropriated for FY 1985 for Title VII to be distributed to both undergraduate and graduate facilities projects. Eighty-eight percent of federal funds for direct loans was appropriated before 1970. Only four new loans have been made since that time, each of them initiated by the Congress to specific institutions. Except for these four loans, no indirect loans have been initiated since 1974. Appropriations since 1975 have only serviced previous loans and the amortization of GNMA participation certificates.

The federal initiative in assisting higher education since the early 1970's has been largely in the area of student financial aid. While student aid funding has risen since that time, it has not kept pace either with inflation or tuition increases. In addition, independent colleges and universities do not receive a per-student subsidy from state governments. As a result we have had to increase our commitment of institutional student aid dollars in order to maintain the economic and ethnic mix among our student bodies. Starting in the late 1970's, commitments of institutional student aid rose dramatically to the level of $900 million in 1981. And, by 1983, institutional student aid commitments in the independent sector had more than doubled to almost $2 billion.

In addition to student aid, our colleges and universities have had to increase commitments of scarce institutional funds to greatly increased energy costs, faculty salaries and student services; all while trying to keep tuition at competitive levels. As a result, our facilities and instructional equipment needs have been sorely neglected. Necessary maintenance of academic facilities has been deferred again and again, while instructional equipment has become obsolete. Estimates of the facilities and equipment renewal and replacement needs for all of higher education have ranged from $30 billion to $50 billion. Dr. Harvey Kaiser, in his book Crumbling Academe, estimates that in order for an institution to address only its most pressing needs, the average university would require $9.5 million in new capital and the average four-year college, $1.1 million. The problem of deferred maintenance and obsolete equipment not only threatens our central mission as educators in the modern age, it negatively affects the morale of our students and faculties and threatens the long-time fiscal health of many of our institutions.

I do not mean to sound overly alarmist about the extent of this problem. With few exceptions, colleges and universities have been somewhat hesitant to call attention to deteriorating facilities and outdated equipment at their own campuses. Such public attention can be damaging to a campus' reputation as well as to the morale of students, faculty and alumni. And it is for this reason that presidents within NAICU believe it is appropriate to sound the alarm. As Chairman of NAICU, I am here to underscore the need to address more directly the crucially important federal role to assist higher education in renewing this most vital part of the nation's essential economic infrastructure.

I would like to call particular attention to the need for federal assistance in enhancing undergraduate facilities and equipment. In considering the future direction of Title VII, you should keep in mind that the great majority of students who enter higher education will not continue on to graduate study. The media and the public, in celebrating the many benefits higher education yields to the nation, often look only to the breakthroughs performed at our great graduate research facilities in the areas of science, social sciences, medicine, engineering and economics. We sometimes lose sight of the fact that the nation's major academic effort at educating and training our citizens is in our baccalaureate and associate degree programs. We also often lose sight of the very valuable and necessary research being performed at our four-year institutions as well as the fact that our nation's scientists, social scientists, economists, doctors, lawyers, and engineers were all, at one time, inspired undergraduates, inspired quite often in the environment of personalized instruction that remains the hallmark of the independent sector. A recent study performed by the Great Lakes College Association (GLCA) identified the fifty most productive campuses at yielding baccalaureate graduates that go on to obtain Ph.D.s. The study showed that about half of the most productive campuses are independent undergraduate institutions.

Between the years of 1966 and 1979 the Congress saw a federal role in providing direct assistance to enhance undergraduate education. During those years the Congress appropriated $140 million, or about $355 million in constant 1985 dollars, for what was then

Title VI of the Higher Education Act: Financial Assistance For the Improvement of Undergraduate Instruction. Under this program, institutions competed for grants for the acquisition of academic equipment for science, math, foreign languages, history, geography, government, English and the humanities. Funds were also available for minor remodeling of facilities as well as for workshops for specialists in educational media and libraries. Grant applications were evaluated at the state level in much the same way as the current Title VII program for undergraduate facilities. This small but important program of equipment assistance for undergraduate education was not reauthorized in the Education Amendments of 1980.

Proposals for Reauthorization

Mr. Chairman, NAICU participated in a task force under the aegis of the American Council on Education (ACE) with other higher education associations, to develop some general proposals for reauthorization of Title VII. I am pleased to report that the associations are in consensus on a number of areas regarding changes in the program.

The community is in agreement that federal facilities assistance under Title VII should emphasize modernization of existing facilities rather than new construction, except where new construction is more cost-effective than renovation. We at NAICU see no need to expand the nation's higher educational physical plant, given current projections of future enrollments. What is needed is assistance to help higher education rebuild and retool to meet the needs of these future enrollments.

The community also agrees that the current structure of a three-part Title should be maintained, with Part A renamed to address "Grants for the Modernization and Improvement of Undergraduate Academic Facilities," Part B to address the same for "Graduate Academic Facilities," and Part C to address "Loans for the Modernization and Improvement of Academic Facilities." Recognizing federal budgetary limitations, the community recommends an authorization for grants of $200 million for FY 1985 and "such sums as may be necessary" thereafter, with the understanding that 75 percent of appropriations for grants should go toward Part A, undergraduate facilities, and 25 percent to Part B, graduate facilities.

For loan assistance under Part C of Title VII, the community recommends simplifying Part C by eliminating the annual interest grants and loan insurance programs. These programs are seen as less valuable in addressing facilities needs than the direct loan program. In order to bring the direct loan program more in line with current fiscal realities, the community recommends changing the maximum loan term from "not less than .25 percent above the Federal Treasury bill rate or 4 percent" to the rate of Treasury bills minus 2 percentage points.

Mr. Chairman, NAICU has developed a number of additional proposals that we ask you to consider. Under the Undergraduate Facilities Part, we wish to propose a small but important change in the area of grant purposes. Section 701 (a)(4), we believe, should be changed to allow grants for the purposes of renovating academic facilities, in addition to research facilities and libraries. Mr. Chairman, this change is central to our proposals to enhance facilities for undergraduate education.

The current Undergraduate Facilities program distributes grants through the states. States desiring to participate in the grant program are required to submit a state plan established by a state board that determines the relative priority of eligible projects submitted by institutions of higher education within the state. Section 1203 (b)(4)(E) of the Higher Education Act ensures that all sectors of higher education, including independent colleges, are represented on the state boards (formerly referred to as "1202 Commissions") that develop these state plans. We consider it essential that this section be reauthorized should the Congress continue to administer undergraduate facilities grants through the states. Reports received from the executives of our state-level independent college associations reveal that while some states regularly consider the needs of their independent colleges, others, in the absence of independent college input, are inclined only to consider the needs of public sector institutions.

We feel that academic instructional equipment is an essential part of the higher education infrastructure and is in need of enhancement for much the same reasons as are academic facilities. Advances in high technology have made the computer a central actor in many areas of academic inquiry just as it has become central to the workplace in so many fields. Computers represent a substantial but absolutely necessary expense for our institutions if they are to continue to stay up-to-date in academic instruction and job training. These needs are matched by the needs to modernize all instructional equipment in the sciences, social sciences, arts and humanities.

Unfortunately, in this area, as in the area of academic facilities, little data is available that adequately estimate the outstanding need. However, the Congress' Office of Technological Assessment (OTA) is currently involved in a study on "the threat posed to undergraduate and graduate education and research programs by obsolete instructional and research equipment and outmoded facilities" at the behest of Senators Hatch and Dodd. This study will not only seek to estimate the equipment and facility needs of higher education but will also assess efforts at the institutional level and at the Department of Education to address these needs. It will also investigate the consequences we, as a nation, can expect if these needs are not addressed. We encourage you to review this study upon its completion and, in the spirit of pre-1980 Title VI support, consider expanding the purposes for Title VII A grants to include the purchase of academic instructional equipment.

In our April 30 submission to the Subcommittee, NAICU proposed language to strike the 24 percent set-aside for community colleges and public technical institutes under the grant program for undergraduate facilities. The set-aside for community colleges was first enacted in the Higher Education Facilities Act of 1963 at the level of 22 percent. It has endured through the period of rapid expansion in this sector. The set-aside will not be entertained in the upcoming grant cycle, as the $28 million was appropriated under the graduate facilities part with language specifying that funds should go to both undergraduate and graduate facility projects. As we seek to redirect the Title VII program to emphasize renovation rather than new construction, it seems appropriate to evaluate all applications on their merits and need for funds. Please understand that it is not out of any disrespect for the mission and efforts of our nation's community colleges that we make this proposal.

Clearly, Mr. Chairman, given the extraordinary need we recognize for facilities and equipment assistance, our priority is on enhancing appropriations in this area. We would propose two additional ideas that may serve to bring additional dollars to bear on these needs without a substantial cost to the government. In the loan area, we ask the Subcommittee to investigate the viability of a federal loan guarantee as a method to leverage private sector funds to assist colleges and universities in our renovation effort. In past years private sector involvement in higher education facilities needs have centered around the use of tax-exempt bond financing. Bond financing, however, has not proved to be an economical mechanism for the needs of some of our smaller colleges or for smaller renovation rather than new construction projects. And we are deeply concerned by the proposal in the Administration's tax reform initiative to deny access to the tax-exempt bond market to independent colleges and universities.

In the area of private sector fundraising, while our alumni recognize the need to contribute to our colleges for their general upkeep, it has proven to be quite difficult to raise the large gifts that are necessary to finance substantial renovation needs. A new college-wide heating or sewage system simply does not have the same appeal to a large donor as a new science or library facility. We believe that a loan guarantee can provide the necessary incentive to bring in funds from the financial community to help alleviate some renovation needs.

In the absence of substantial appropriations in the direct loan program, we would also encourage the Subcommittee to investigate the option of expanding the purposes of the College Housing Loan program to allow institutions to borrow from its revolving fund for the purposes of renovating academic facilities. Enacted as Title IV of the Housing Act of 1950, the College Housing Loan program reached its peak in 1969 with an outstanding loan volume of $3.8 billion. Like the revolving fund in the direct loan program under Title VII of the Higher Education Act, the College Housing Loan fund has been financed by direct appropriations, the sale of GNMA participation certificates, and the payments of previously made loans. The program has been extremely successful for many of our colleges and universities. In 1955 the program was expanded to allow loans for construction of student centers, health centers and dining halls. We believe it may be time to expand the program again to bring it into conformity with current renovation rather than new construction needs. We understand that the College Housing Loan program is not under the jurisdiction of this Committee though the program has been administered by the Department of Education since the Department's inception in 1979. Should the Education and Labor Committee gain jurisdiction over the program, we would encourage you to investigate this option. If not, we would encourage you to discuss this proposal with your colleagues on the Banking, Finance, and Urban Affairs Committee.

To conclude, Mr. Chairman, let me emphasize that we do not look to the federal government to solve all the facilities and equipment needs of higher education. We at the campus level, like you here in Washington, have been faced for some time with the challenge to do more with less. As you know, we also recognize substantial needs in the area of student financial assistance and we fully support and expect student aid to remain the cornerstone of the Higher Education Act. It may, however, be shortsighted and, indeed, dangerous, in terms of the future needs of our citizens, if we address students' need without simultaneously addressing their learning tools and learning environment.

Mr. Chairman, and members of the Subcommittee, I thank you once again for the opportunity to present our views to you this afternoon. I would be happy to answer any questions you may have.

NAICU RECOMMENDATIONS FOR REAUTHORIZATION OF THE HIGHER EDUCATION ACT

TITLE IV - STUDENT ASSISTANCE

Student Grant Programs - Continue the existing federal policy goal that every eligible student shall receive aid under the Pell Grants, SEOG, and SSIG programs that, in combination with reasonable parental and student contributions, will be sufficient to meet 75 percent of a student's cost of attendance.

Pell Grants - Restructure Pell Grants in order to resolve the long-standing conflict among sectors of higher education over percentage-of-cost limitation/maximum award/funding triggers for other programs by instituting a new Pell Grant formula. The formula would target the program on low-income students and insert price sensitivity into the basic structure of the the Pell Grant program, basing eligibility on a two-part formula: (1) half of tuition, mandatory fee, and book expenses for all eligible low- and middle-income students, up to a maximum of $2,100, plus (2) a substantial allowance to cover living expenses for all low-income students, up to a maximum of $2,100. This mechanism would award substantial grant dollars to low-income students for their living expenses plus half of their tuition expenses in order to assure their access to all types of higher educational opportunities, but would limit the participation of middle-income students to just half the "price" charged to them.

The proposal assumes the same taxation rates on discretionary income for dependent and independent students in order to provide substantial grants to low-income students and a $200 minimum award to a student from a typical family of four with one in college and an adjusted family income of $30,000.

Supplemental Educational Opportunity Grants - Reauthorize the SEOG program with a funding authorization of no less than 15 percent of the appropriation for Pell Grants. Target SEOG funding on students with greatest need for funds (defined as those students whose expected family contribution is less than one-half of their total cost-of-education). Maintain institutional "hold harmless" level at amount institution used in academic year 1985-86 (FY 1985 appropriation). Allocate all new funding above the FY 1985 level only to those institutions whose institutional "Fair Share" exceeds their institutional "Conditional Guarantee". Reinstitute institutional matching requirement in program, with matching funds to come from non-federal sources. Drop use of institutionally-provided need-based student grants and awards from formula used to determine institutional need for SEOG.

State Student Incentive Grants - Reauthorize the program and allow states to use up to 50 percent of new allocations, above FY 1985 level, to establish or sustain a 50/50 federal/state matching work-study program.

College Work-Study - Reauthorize the program without changing the language that limits CWS to non-profit institutions, without changing the existing reallocation procedures, and without consolidating the program with Cooperative Education. Allocate new funding above the FY 1985 level as in SEOG (see above).

National Direct Student Loans - Reauthorize the program and rename the program for its principal advocate, the late chairman of the House Education and Labor Committee, Representative Carl D. Perkins.

Guaranteed Student Loans - Reauthorize the program increasing the annual loan limits for those undergraduates who have completed their first two years of study toward a bachelor's degree and for graduate students to $5,000 and $8,000, respectively. Aggregate limits are increased to $20,000 for undergraduates and an additional $25,000 for graduate students. Limit all loans to need remaining after all federal grant, work, and loan benefits, together with all expected parental/student contributions are taken into account. Provide for borrower-requested consolidation of student loans. Repeal the origination fee. Provide for a federally-guaranteed, but not federally-subsidized, "loan of last resort."

PLUS Loans - Reauthorize the PLUS loan program making it more attractive to lenders, and therefore a more viable program for borrowers, by allowing consolidation or refinancing of loans, and by allowing secondary markets to adjust payment schedules with the borrower.

Master Calendar - Establish a master calendar for the delivery of student aid in order that the student aid system may function smoothly.

Verification - Require verification documentation to be submitted on all federal student aid applications.

TITLE III - INSTITUTIONAL AID

Reauthorize program with three separate parts: Grants to strengthening institutions, grants to Historically Black colleges and universities, and Endowment grants. Alter eligibility criteria to include a wider body of institutions. Expand permissible uses of grant dollars to include recruitment activities and training of administrative staff. Make Cooperative Arrangements a high priority funding area with more lenient restrictions on participation.

TITLE VII - CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Reauthorize title with emphasis on renovation rather than new construction. Increase funding authorization to reflect the increasingly critical need for assistance in this area. Streamline title by deleting unfunded provisions for loan insurance and interest grants. Delete community college setaside provision so that all types of institutions compete equally on the merits of their applications.

Senator SIMON. This concludes our hearing.

[Whereupon, at 10:40 a.m., the subcommittee adjourned, subject to the call of the Chair.]

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